"If you have any query about this document, you may consult issuer, issue manager and underwriter."

PROSPECTUS

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Head Office: National Plaza (7th & 8th Floor), 109 Bir Uttam C.R. Datta Road, Dhaka-1205.
Tel: 9670612-4, 9669800 Fax: 9671016, Web Site: www.nationalhousingbd.com

Public Offer of 5,00,000 Ordinary Shares of Tk. 100 each totaling Tk. 5,00,00,000 is being made

Opening date for subscription: October 05, 2008
Closing date for subscription: October 09, 2008
For Non-Resident Bangladeshi (NRB), subscription opens on: October 05, 2008
For Non-Resident Bangladeshi (NRB), subscription closes on: October 18, 2008

Underwriters:

National Bank Limited
Head Office: 18, Dilkusha C/A,
Dhaka-1000

National Life Insurance Company Limited
Head Office: 79, Motijheel C/A,
Dhaka-1000

United Commercial Bank Limited
Head Office: 60, Motijheel C/A,
Dhaka-1000

Sadharan Bima Corporation
Head Office: 33, Dilkusha C/A,
Dhaka-1000

Pragati Insurance Limited
Pragati R.P. Centre
20-21 Kawran Bazar C/A, Dhaka 1215

CREDIT RATING BY CREDIT RATING INFORMATION AND SERVICES LIMITED

	Long Term	Short Term
Entity Rating	A-	ST-3

Issue date of Prospectus: 2nd September, 2008
The issue shall be placed in "N" Category.

Manager to the Issue:

EQUITY PARTNERS LIMITED

Suite # 1003, DSE Annex Building (9th floor), 9/E Motijheel C/A, Dhaka-1000
www.eplbangladesh.com

"CONSENT OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2006. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER, ISSUE MANAGER, UNDERWRITER AND/OR AUDITOR"

AVAILABILITY OF PROSPECTUS

The Prospectus of the Company will be available at the offices of the following entities:

COMPANY	CONTACT PERSON	PHONE
NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED **Corporate Head Office:** National Plaza (7th & 8th Floor), 109 Bir Uttam C.R. Datta Road, Dhaka-1205.	Mr. Md. Shamim Ahamed, ACA AVP & Head of Finance Mr. Uttam Kumar Saha, ACS Company Secretary Mr. Mohammad Saiful Islam, ACMA Deputy Manager (F & A)	9670612-4, 9669800 8631057 (Direct)

MANAGER TO THE ISSUE		
Equity Partners Limited Suite # 1003, DSE Annex Building (9th Floor), 9/E Motijheel C/A, Dhaka-1000.	Mr. Saiful Islam Director	9564959 9561232

UNDERWRITERS		
National Bank Limited 18, Dilkusha C/A, Dhaka-1000	Mr. Shankar Kumar Saha Senior Officer	9563081-5
United Commercial Bank Limited 60, Motijheel C/A, Dhaka-1000	Mr. Md. Ahsan Mozlish FAVP	9568690 Ext.-149
National Life Insurance Co. Limited 79, Motijheel C/A, Dhaka-1000	Mr. Sayeed Ahmed SVP & Acting Company Secretary	9560241
Pragati Insurance Limited Pragati R.P. Centre, 20-21 Kawran Bazar C/A, Dhaka 1215	Mr. Z. A. Mridha, FCA Executive Vice President	9133680-2
Sadharan Bima Corporation 33, Dilkusha C/A, Dhaka-1000	Mr. Sudhangsu Kumar Ghosh Manager, Investment Department	9560115

STOCK EXCHANGES		
Dhaka Stock Exchange Ltd. DSE Library, 9/E Motijheel C/A, Dhaka -1000	DSE Library	9564601-7
Chittagong Stock Exchange Limited CSE Library, 1080, Sk. Mujib Road, Agrabad C/A, Chittagong	CSE Library	9571482

The prospectus shall be available at the Securities and Exchange Commission's (SEC) web site www.secbd.org, the Dhaka Stock Exchange's (DSE) web site www.dsebd.org, the Chittagong Stock Exchange's web site www.csebd.com, the Issuer's web site www.nationalhousingbd.com, the Issue Manager's web site www.eplbangladesh.com and in the Public Reference room of the SEC.

Auditor's Information

Name	Address	Telephone
M. J. Abedin & Co. (Chartered Accountants)	National Plaza (6th floor), 109 Bir Uttam C.R. Datta Road, Dhaka-1205	8629771, 8612203

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Disclosure in respect of issuance of security in Demat Form

As per provision of the Depository Act, 1999 and regulations made thereunder, shares will only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (right/bonus) will be issued in dematerialized form only.

Conditions under Section 2CC of the Securities and Exchange Ordinance, 1969

PART-A

1. The company shall go for Initial Public Offer (IPO) for 5,00,000 ordinary shares of Tk.100.00 each at par worth Tk.5,00,00,000.00 (Taka five crore) only following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations made there under.
2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in four national daily newspapers (in two Bangla and two English), within 03 (three) working days of issuance of this letter. The issuer shall post the full prospectus vetted by the Securities and Exchange Commission in the issuer's website and shall also put on the web sites of the Commission, stock exchanges, and the issue manager within 03 (three) working days from the date of issuance of this letter which shall remain posted till the closure of the subscription list. The issuer shall submit to SEC, the stock exchanges and the issue manager a diskette containing the text of the vetted Prospectus in "MS-Word" format.
3. Sufficient copies of prospectus shall be made available by the issuer so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue manager. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus has been published.
4. The company shall submit 40 (forty) copies of the printed prospectus to the Securities and Exchange Commission for official record within 5 (Five) working days from the date of publication of the abridged version of the prospectus in the newspaper.
5. The issuer company and the issue manager shall ensure transmission of the prospectus, abridged version of the prospectus and relevant application forms for NRBs through e-mail, simultaneously with publication of the abridged version of the prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus and application forms to the said Embassies and Missions within five working days of the publication date by express mail service (EMS) of the postal department. A compliance report shall be submitted in this respect to the SEC jointly by the issuer and the issue manger within two working days from the date of said dispatch of the prospectus & the forms.
6. The paper clipping of the published abridged version of the prospectus, as mentioned at condition 2 above, shall be submitted to the Commission within 24 hours of the publication thereof.
7. The company shall maintain separate bank account(s) for collecting proceeds of the Initial Public Offering and shall also open FC account(s) to deposit the application money of the Non- Resident Bangladeshis (NRBs) for IPO purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The company shall open the abovementioned accounts for IPO purpose; and close these accounts after refund of over-subscription. Non-Resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bear a stamp from the concerned Bangladesh Embassy to the effect that no visa is required to travel to Bangladesh.

8. The issuer company shall apply to all the stock exchanges in Bangladesh for listing within 07(seven) working days from the date of issuance of this letter and shall simultaneously submit the vetted prospectus with all exhibits, as submitted to SEC, to the stock exchanges.
9. The following declaration shall be made by the company in the prospectus, namely:-

"Declaration about Listing of Shares with the Stock Exchange(s):

None of the stock exchange(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the company directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money."

10. The subscription list shall be opened and the sale of securities commenced after 25 (twenty five) days of the publication of the abridged version of the prospectus and shall remain open for 5 (Five) consecutive banking days.

11. A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only". The NRB applicants shall send applications to the issuer company within the closing date of the subscription so as to reach the same to the company by the closing date plus nine days. Applications received by the company after the above time period will not be considered for allotment purpose.

12. The company shall apply the spot buying rate (TT clean) in US Dollar, UK Pound Sterling and Euro of Sonali Bank, which shall be mentioned in the Prospectus, as prevailed on the date of opening of the subscription for the purpose of application of the NRBs and other non-Bangladeshi persons, where applicable.

13. The company and the issue manager shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshis, if applicable, for allotment of shares.

14. Upon completion of the period of subscription for securities the issuer and the issue manager shall jointly provide the Commission and the stock exchanges with the preliminary status of the subscription within 05 (five) working days, in respect of the following matters, namely: -

(a) Total number of securities for which subscription has been received;

(b) Amount received from the subscription; and

(c) Amount of commission paid to the banker to the issue.

15. The issuer and the issue manager shall jointly provide the Commission and the stock exchanges the list of valid and invalid applicants in 2 (two) CDs and final status of subscription to the Commission within 3 (three) weeks after the closure of the subscription along with bank statement (original), branch-wise subscription statement. The list of valid and invalid applicants shall be finalized after examination with the CDBL in respect of BO accounts and particulars thereof.

16. The IPO shall stand cancelled and the application money shall be refunded immediately (but not later than 6(six) weeks from the date of the subscription closure) if any of the following events occur:

(a) Upon closing of the subscription list it is found that the total number of valid applications (in case of under subscription including the number of the underwriter) is less than the minimum requirement as specified in the listing regulations of the stock exchange(s) concerned; or

(b) At least 50% of the IPO is not subscribed.

17. 10% of total public offering shall be reserved for non-resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the Commission, and the remaining 80% shall be open for subscription by the general public. In case of under-subscription under any of the 10% categories mentioned above, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.

18. All the applicants shall first be treated as applied for one minimum market lot of 50 shares worth Tk.5,000/-. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the issuer and the issue manager shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the issuer, the stock exchanges and the applicants, if there be any.
19. An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.
20. The primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. All IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.
21. Lottery (if applicable) shall be held within 5 (five) weeks from closure of the subscription date.
22. The company shall issue share allotment letters to all successful applicants within 6 (six) weeks from the date of the subscription closing date. Within the same time, refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest through Account Payee Cheque/ refund warrants with bank account number, bank's name and Branch as indicated in the securities application forms payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet/ Bogra, as the case may be, subject to condition 19 above.
Refund money of the unsuccessful applicants shall be credited directly to their respective bank accounts, who have mentioned in the IPO application forms, bank account numbers with the bankers to the issue and other banks as disclosed in the prospectus. A compliance report in this regard shall be submitted to the Commission within 7(seven) weeks from the date of closure of subscription.
23. The company shall furnish the List of Allotees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within 24 (twenty four) hours of allotment.
24. In the event of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s) (subject to para -16 above). The issuer must notify the underwriter to take up the underwritten shares within 10 (ten) days of the subscription closing date on full payment of the share money within 15(fifteen) days of the issuer's notice. The underwriter shall not share any underwriting fee with the issue manager, other underwriters, issuer or the sponsor group.
25. All issued shares of the issuer at the time of according this consent shall be subject to a lock- in of three years from the date of issuance of prospectus or commercial operation, whichever comes later;
Provided that the persons, other than directors and those who hold 5% or more shares, who have subscribed to the shares of the company within immediately preceding two years of according consent, shall be subject to a lock-in of one year from the date of issuance of prospectus or commercial operation, whichever comes later.
26. Either a Jumbo Share (one for each of the existing Sponsors/ Directors/ Shareholders) in respect of the shares already issued shall be issued covering together respective total holding, which shall contain the expiry date of lock-in period or Sponsors/Directors/Promoters/Shareholders' shareholding shall be converted into demat form but shall be locked-in as per the condition at para-25 above.
27. In case of Jumbo Share Certificate issued to the existing Sponsors/ Directors/ Shareholders, the said share certificates shall be kept under custody of a security custodian bank registered with SEC during the lock-in period. The name and branch of the bank shall be furnished to the Commission jointly by the issuer and the issue manager, along with a confirmation thereof from the custodian bank, within one week of listing of the shares with the stock exchange(s).
28. In case of dematerialization of shares held by the existing Sponsors/ Directors/ Shareholders, the copy of dematerialization confirmation report generated by CDBL and attested by the managing director of the company along with lock-in confirmation shall be submitted to SEC within one week of listing of the shares with the stock exchange(s).

29. The company shall apply to the stock exchanges for listing within 7(seven) working days of issuance of this letter and shall simultaneously submit to the Commission attested copies of the application filed with the stock exchanges.
30. The company shall not declare any benefit other than cash dividend based on the financial statements for the period ended on December 31, 2007.

Part -B

1. The issue manager (i.e. Equity Partners Limited) shall ensure that the abridged version of the prospectus and the full prospectus is published correctly and in strict conformity without any error/omission, as vetted by the Securities and Exchange Commission.
2. The issue manager shall carefully examine and compare the published abridged version of prospectus on the date of publication with the copy vetted by SEC. If any discrepancy/ inconsistency is found, both the issuer and the issue manager shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to SEC and the stock exchange(s) concerned, correcting the discrepancy/inconsistency as required under 'Due Diligence Certificates' provided with SEC.
3. Both the issuer company and the issue manager shall, immediately after publication of the prospectus and its abridged version, jointly inform the Commission in writing that the published prospectus and its abridged version are verbatim copies of the same as vetted by the Commission.
4. The fund collected through IPO shall not be utilized prior to listing with stock exchange and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.
5. The company shall furnish report to the Commission on utilization of IPO proceeds within 15 days of the closing of each quarter until such fund is fully utilized, as mentioned in the schedule contained in the prospectus, and in the event of any irregularity or inconsistency, the Commission may employ or engage any person, at issuer's cost, to examine whether the issuer has utilized the proceeds for the purpose disclosed in the prospectus.
6. All transactions, excluding petty cash expenses, shall be effected through the company's bank account(s).
7. Proceeds of the IPO shall not be used for any purpose other than those specified in the prospectus. Any deviation in this respect must have prior approval of the shareholders in the General Meeting under intimation to SEC and stock exchange(s).
8. Directors on the company's Board: These will be in accordance with the applicable laws, rules and regulations.
9. The company shall remove the restrictive clauses regarding issuance & transfer of shares and grouping of shares from its Articles of Association.

PART-C

1. All the above conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 shall be incorporated in the prospectus immediately after the page of the table of contents, with a reference in the table of contents, prior to its publication.
2. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the issuer company.

PART-D

1. As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/ transmission/ splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (including rights/bonus) will be made in dematerialized form only.

An applicant (including NRB) shall not be able to apply for allotment of shares without beneficial owner account (BO account).

2. The issue manager shall also ensure due compliance of all above.

GENERAL INFORMATION

- " Equity Partners Limited (EPL) has prepared the prospectus based on information supplied by National Housing Finance And Investments Limited (the Company/ the Issuer) and also after several discussions with the Directors, Managing Director, and related executives of the Company. The Directors of both National Housing Finance And Investments Limited and Equity Partners Limited collectively and individually, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material aspects and that there are no other material facts, the omission of which, would make any statement herein misleading.

- " No person is authorized to give any information or to make any representation not contained in this prospectus and if given or made, any such information and representation must not be relied upon as having been authorized by the Company or Equity Partners Limited.

- " The issue as contemplated in this prospectus is made in Bangladesh and is subject to the exclusive jurisdiction of the Courts of Bangladesh. Forwarding this prospectus to any person resident outside Bangladesh in no way implies that the issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of the country.

- " A copy of this prospectus can be obtained from the Corporate Head Office of National Housing Finance And Investments Limited, the Issue Manager, the Underwriters and the Stock Exchanges where the securities will be traded.

DECLARATION ABOUT THE RESPONSIBILITY OF THE DIRECTORS, INCLUDING THE CEO OF NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED IN RESPECT OF THE PROSPECTUS

This prospectus has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility of the authenticity and accuracy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries, that all conditions concerning this public issue and prospectus have been met, and that there are no other information or documents the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative action against any or all of us as it may deem fit.

We also confirm that full and fair disclosure has been made in this prospectus to enable the investors to make a well informed decision for investment.

Sd/-
M. Haider Chowdhury
Chairman
(Nominated by National Life Insurance Company Limited)

Sd/-
Mirza Ejaz Ahmed
Director
(Nominated by HRC Bangladesh Limited)

Sd/-
M. Shah Alam Sarwar
Director
(Nominated by United Commercial Bank Limited)

Sd/-
Md. Abdur Rahman Sarker
Director
(Nominated by National Bank Limited)

Sd/-
Md. Hanif
Director
(Nominated by Jiban Bima Corporation)

Sd/-
AKM Iftekhar Ahmad
Director
(Nominated by Eastern Insurance Company Limited)

Sd/-
AKM Rafiqul Islam
Director
(Nominated by Pragati Insurance Limited)

Sd/-
Muminul Haque Chowdhury
Director
(Nominated by Borak Travels (Pvt.) Limited)

Sd/-
Abu Zafar Humayun
Director
(Nominated by Unicorn Equities Limited)

Sd/-
Syed Ali Jowher Rizvi
Director
(Nominated by Overseas Investors Forum Zambia)[1]

Sd/-
Md. Abdur Rob
Managing Director

[1] A disclosure regarding Overseas Investors Forum has been included at the end of the prospectus.

CONSENT OF THE DIRECTOR(S) TO SERVE AS DIRECTOR(S)

We hereby agree that we have been serving as Director(s) of National Housing Finance And Investments Limited and continue to act as a Director of the Company.

Sd/-
M. Haider Chowdhury
Chairman
(Nominated by National Life Insurance Company Limited)

Sd/-
Mirza Ejaz Ahmed
Director
(Nominated by HRC Bangladesh Limited)

Sd/-
M. Shah Alam Sarwar
Director
(Nominated by United Commercial Bank Limited)

Sd/-
Md. Abdur Rahman Sarker
Director
(Nominated by National Bank Limited)

Sd/-
Md. Hanif
Director
(Nominated by Jiban Bima Corporation)

Sd/-
AKM Iftekhar Ahmad
Director
(Nominated by Eastern Insurance Company Limited)

Sd/-
AKM Rafiqul Islam
Director
(Nominated by Pragati Insurance Limited)

Sd/-
Muminul Haque Chowdhury
Director
(Nominated by Borak Travels (Pvt.) Limited)

Sd/-
Abu Zafar Humayun
Director
(Nominated by Unicorn Equities Limited)

Sd/-
Syed Ali Jowher Rizvi
Director
(Nominated by Overseas Investors Forum Zambia)

DECLARATION ABOUT THE FILING OF PROSPECTUS WITH REGISTRAR OF JOINT STOCK COMPANIES AND FIRMS

A dated and signed copy of this prospectus has been filed for registration with the Registrar of Joint Stock Companies and Firms (RJSC), Bangladesh as required under Section 138 (1) of the Companies Act, 1994, on or before the date of publication of this prospectus in the newspaper.

DECLARATION BY THE ISSUER ABOUT THE APPROVAL FROM THE SEC FOR ANY MATERIAL CHANGES

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statements made in the prospectus subsequent to the preparation of the prospectus and prior to its publication shall be incorporated in the prospectus and the said prospectus should be published with the approval of the Commission.

For Issuer

Sd/-
Md. Abdur Rob
Managing Director
National Housing Finance And Investments Limited

Dated: April 02, 2008

DECLARATION BY THE ISSUE MANAGER ABOUT THE APPROVAL FROM THE SEC FOR ANY MATERIAL CHANGES

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statements made in the prospectus subsequent to the preparation of the prospectus and prior to its publication shall be incorporated in the prospectus and the said prospectus should be published with the approval of the Commission.

For Manager to the Issue

Sd/-
Saiful Islam
Director
Equity Partners Limited

Dated: April 20, 2008

DUE DILIGENCE CERTIFICATE OF MANAGER TO THE ISSUE

Subject: Public Offer of 5,00,000 Ordinary Shares of Tk. 100.00 each of National Housing Finance And Investments Limited

We, the under-noted Manager to the Issue to the above-mentioned forthcoming issue, state as follows:

1. We, while finalizing the draft prospectus pertaining to the said issue, have examined the various documents and other materials as relevant for adequate disclosures to the investors; and

2. On the basis of such examination and the discussions with the company, its directors and officers, and other agencies; independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the Issuer Company;-

WE CONFIRM THAT:

a) the draft prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the issue;

b) all the legal requirements connected with the said issue have been duly complied with; and

c) the disclosures made in the draft prospectus are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue.

For Manager to the Issue

Sd/-
Saiful Islam
Director
Equity Partners Limited

Dated: April 20, 2008

DUE DILIGENCE CERTIFICATE OF THE UNDERWRITER(S)

Subject: Public Offer of 5,00,000 Ordinary Shares of Tk. 100.00 each of National Housing Finance And Investments Limited

We, the under-noted Underwriter(s) to the above-mentioned forthcoming issue, state individually and collectively as follows:

1. We, while underwriting the above mentioned issue on a firm commitment basis, have examined the draft Prospectus, other documents and materials as relevant to our underwriting decision; and

2. On the basis of such examination and discussions with the issuer Company, it's directors and officers and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer Company;-

WE CONFIRM THAT:

a) all information as are relevant to our underwriting decision have been received by us and that the draft Prospectus forwarded to the Commission has been approved by us;

b) we shall subscribe and take up the un-subscribed securities against the above-mentioned public issue within 15 (fifteen) days of calling up thereof by the Issuer; and

c) this underwriting commitment is unequivocal and irrevocable.

For Underwriters

Sd/-
Managing Director

National Bank Limited
United Commercial Bank Limited
Pragati Insurance Limited
National Life Insurance Company Limited
Sadharan Bima Corporation

RISK FACTORS AND MANAGEMENT'S PERCEPTION ABOUT RISKS

As with all investments, investors should be aware that there are risks associated with an investment in the Company. These risks could result in loss of income or capital investment. Investors are encouraged to seek independent financial advice.

Interest rate risk

Increase in interest rates on borrowing could narrow / eliminate the spread, or result in a negative spread, and hence, may have a material adverse effect on the Company's business, financial condition and/or results of operations.

Although the consequences of unusual and abrupt increase in borrowing rate cannot be avoided but the Company offers its products at variable rates which in turn minimizes exposure to such risks.

Exchange Rate Risk

The Company operates in the domestic housing finance and leasing industry of Bangladesh. Neither the borrowing nor the financing of the Company is any way connected with fluctuation of foreign exchange rate. Hence, the Company does not have any exposure to such risks.

Industry risk

The Company is operating in a highly competitive market. Some of the competitors have more resources than those of the Company. It is difficult to predict in advance the move of the competitors in the coming years.

The Company is always cautious in offering its products and services at competitive terms and conditions which in turn minimizes its industry risk exposure.

Market and technology- related risk

In the wide market of 21st century, advanced technology obsoletes the old service/product strategy. So the existing technology may not be sufficient to cope with the future business trends and needs.

The Board of the Company always emphasizes on development and implementation of the state of the art technology and is always committed to invest in modern and updated information technology.

Potential or existing government regulations

The Company operates under the specific guidelines as laid down by the Bangladesh Bank as well as the Securities and Exchange Commission (SEC). Any sudden change of the guidelines/ policies formulated by the Bangladesh Bank, and/or the SEC may affect the business of the Company adversely.

Unless the regulatory authorities adopt any adverse policies which may materially affect the industry as a whole, the business of the Company will not be affected that much since we are always particular in complying with rules and regulations of the authorities.

Potential changes in global or national policies

The Company operates in the domestic market of financial institutions in Bangladesh. Any potential changes in either global or national policies might adversely affect the financial institutions and thus the businesses of the Company in future.

The management of the Company is always concerned about the prevailing and upcoming changes in the global and national policy and shall take any corrective actions as may be required in future.

Operational risk

Risks in the form of classified debts originating from the borrowers' end due to their management failure, financial imprudence, unfavorable shift in market for their products and services, negative external and uncontrollable impact on the industry in which the borrower operates, civil disturbances or natural and environmental calamities and hazards disrupting the borrowers' ability to conduct businesses as usual.

Such risks exist in the industry of the Company's operation. The Company scrutinizes all of its clients and the associated risks systematically using up to date risk evaluation techniques and thereby have been able to maintain good asset quality so far and expects the same in the future. Some other systematic (Market) risks might arise from the external environment of the Company, similar to any other financial institutions.

Economic slowdown

The overall demand for the Company's products is linked to macro parameters like GDP growth, demand for project finance, healthy capital markets and the overall growth of Bangladesh economy. A slowdown in economic growth will have an adverse impact on the demand for credit and on quality of borrowers.

We always review the changes in the local as well as global economic factors so that we can take necessary steps to address its impact on business of the Company. Due to the availability of diversified products and services, the Company expects to minimize the effect of aforesaid risks.

USE OF PROCEEDS

The public issue is to be executed in compliance with relevant statutory requirements. The proceeds will strengthen the capital base of the Company and thus the ability to augment business expansion. The funds to be raised through this public issue will be generally used for investment and lending.

DESCRIPTION OF BUSINESS

A.1. The Company

National Housing Finance And Investments Limited, a Non-Banking Financial Institution (NBFI), was incorporated on August 18, 1998 as a public limited company under the Companies Act, 1994 and obtained license from the Bangladesh Bank on 19th December, 1998. Date of commencement of business of the company is August 18, 1998.

A.2. Nature of the business

National Housing Finance And Investments Limited was incorporated with a view to provide services in the following arena:

- Finance for the purpose of acquisition of land.
- Finance for Purchase or construction of buildings for industrial, commercial, residential purposes.
- Finance for renovation or improvement of existing industrial, commercial and residential units.
- Provide Term finance and lease finance to companies, institutions and other corporate bodies.
- Take part in the formation, management, supervision or control of business or operation of any industrial, commercial or financial undertaking.
- Accept deposit on various attractive schemes and grant loans against its deposit schemes.

A.3. Mission of the Company

National Housing Finance And Investments Limited has been relentlessly providing quality services and atmosphere to its customers; thereby, enriching the society and human resources. The Company's missions are:

- To be Equal Housing Lender to all, irrespective of cast, creed and sex.
- To offer quickest service to the satisfaction of clients with the latest technology.
- To create innovative products to cater to the market needs at competitive price.
- To form a high quality team of satisfied and motivated employees.
- To ensure a steady return with a view to maximize shareholders' wealth.

A.4. Business Function

The Company serves all types of modern, progressive and dynamic households and businesses as well as offers the services of a modern Non Banking Financial Institution (NBFI) to the customers of all strata of the society. During the short span of its operation, the Company has been highly recognized and praised by the business community, from small entrepreneurs to large traders and industrial conglomerates, and emerged as the fastest growing provider of financing solution in respect of business and profitability. It has already opened three branches in different commercially important places in Dhaka and Chittagong to make its services available to the prospective clients.

B.1. Principal Products and Services

National Housing Finance And Investments Limited has already launched various products and services since inception. The principal products and services of the Company are mentioned below:

I. Mortgage Loan: The Company offers mortgage financing for construction, development and purchase of houses, plots, apartments, real estates, commercial spaces etc. Repayment occurs in the form of Equated Monthly Installments (EMI) comprising of principal and interest. The Company offers mortgage financing for a maximum of 15 years and the interest rate for the EMIs are reviewed based on the prevailing market interest rate.

II. Lease Finance: The Company has recently begun its lease financing services for Industrial Equipment, Office Equipment, Corporate Vehicle etc. at attractive terms and installments.

III. Term Loan: The Company also offers term loans of different tenures at competitive rates to the satisfaction of its clients

IV. Working Capital and Work Order Finance: The Company offers working capital and work order finance to various borrowers to grow their businesses.

V. Deposit Schemes: The Company offers various deposit schemes in accordance with its clients' suitability and needs effective from 1st April 2005. Income Account, Term Deposit Account and Double Money Account are the lucrative deposit schemes of The Company as described below:

a) Income Account: This scheme offers a fixed monthly, quarterly, or half-yearly income on the deposit for a period of two years with a minimum deposit requirement of Tk. 100,000/-. The depositors are offered to enjoy a regular cash flow during the term keeping their deposit intact, which is receivable at the end of the term.

b) Term Deposit Account: It offers attractive return to the depositors on a minimum deposit of Tk. 50,000/- The principal along with interest are paid at the end of maturity which ranges from 1 to 3 years. This scheme is attractive to the depositors as they can earn higher return due to the interest compounded over the periods till maturity.

c) Double Money Account: Depositors are offered to double their deposit in 96 months with a minimum deposit of Tk. 50,000/- in this scheme of The Company.

d) Monthly Savings Scheme: It allows people to save in affordable installments and enjoy an attractive return at the end of the tenure. The savings tenure are of 3 and 5 years.

e) Millionaire Savings Scheme: It offers the depositors to save in equal installments in every month until seven or ten years. At the end of the savings tenure, the depositor becomes millionaire.

B.2. Relative Contribution to Revenue

The relative contribution to the Company's revenue has been given below:

(As per audited accounts)

Description	As on Dec 31, 2007	Contribution to Revenue	As on Dec 31, 2006	Contribution to Revenue
Mortgage loans	31,52,20,886	38.51%	29,74,63,631	48.59%
Lease and term finance	3,97,13,907	4.85%	3,94,45,649	6.44%
Short term deposits	5,26,978	0.06%	2,08,378	0.03%
Fixed deposits	7,96,34,538	9.73%	6,83,12,280	11.16%
Loan against fixed deposits	19,44,509	0.24%	19,53,629	0.32%
Lease Rental	35,73,11,531	43.66%	20,06,01,921	32.77%
Loan Fees	47,75,750	0.58%	40,00,984	0.65%
Income from sale of share	1,24,59,876	1.52%	4,441	0.00%
Dividend Income	41,69,000	0.51%	10,000	0.00%
Other non operating Income	27,09,508	0.33%	1,32,212	0.02%
Total	**81,84,66,483**	**100.00%**	**61,21,33,125**	**100.0%**

B.3. Associates, Subsidiary/Related Holding Company

The Company does not have any associates, subsidiary/related holding company.

B.4. Distribution of Products and Services

The services of the Company are rendered through its Corporate Head Office and three other branches located in Dhaka and Chittagong.

B.5. Competitive Conditions in the Business

At present, there are 28 (twenty eight) Non-Banking Financial Institutions who are offering their services in the arena of the Company's operations. Moreover, all of the potential rivals compete for the business of lease finance, term finance and housing finance and are in search of sound investment or lending targets.

B.6. Sources and Availability of Raw Material

Since the Company provides services to its customers, it does not require raw material. The input for the Company to provide services is the fund for lending which is being mobilized from the depositors and credit lines obtained from different banks.

B.7. Sources Of and Requirement for Power, Gas and Water

The Company does not require such utilities except for ordinary use in official tasks.

B.8. Customers Providing 10% or More Revenues

There is no individual or institutional client of the Company who generates 10% or more revenues.

B.9. Contract with Principal Suppliers

There is no specific contract with any concern except for regular business contracts with borrowers and lenders in accordance with the Financial Institutions Act, 1993.

B.10. Material Patents, Trade Marks, Licenses or Royalty Agreements

The Company has not entered into any such arrangements.

B.11. Number of Total and Full Time Employees

i) Total number of employee: 55

ii) Total number of full time employees: 55

DESCRIPTION OF PROPERTY

a) Location and Condition of the Property

National Housing Finance And Investments Limited operates through its Corporate Head Office and 3 other branches located in Dhaka and Chittagong. All the properties are situated in the offices and their locations are mentioned below:

OFFICE	LOCATION
Corporate Head Office	National Plaza (7th & 8th Floor), 109, Bir Uttam C.R. Datta Road, Dhaka-1205
Branch Office, Motijheel	Dhaka Chamber Building (5th Floor) 65-66 Motijheel C.A. Dhaka-1000
Branch Office, Gulshan	Basati Avenue (5th Floor) House No. 10, Road No. 53, Gulshan-2, Dhaka-1213
Branch Office, Chittagong	Modina Tower (4th Floor), 805/A CDA Avenue (GEC Circle), Chittagong

b) The Company owns the entire fixed assets.

c) There is no mortgage or lien on the property.

d) There is no leasehold property by the Company except for the premises of the 3 branches which are being used on lease or rental basis and has been disclosed in the operating lease section of the prospectus.

PLAN OF OPERATION AND DISCUSSION OF FINANCIAL CONDITION

(a) Internal And External Sources Of Cash

(As per audited accounts)

Years	2007 31-Dec-07	2006 31-Dec-06	2005 31-Dec-05
Paid-up Capital	40,00,00,000	40,00,00,000	40,00,00,000
Proposed Stock Dividend	7,00,00,000	-	-
Retained Earnings	6,26,68,110	7,31,87,604	4,28,23,162
Statutory Reserve	8,76,22,178	7,27,52,051	5,51,60,940
Total	**62,02,90,288**	**54,59,39,655**	**49,79,84,102**
Long Term Loans and Deposits	61,48,42,446	53,53,48,332	34,46,35,801
Total	**61,48,42,446**	**53,53,48,332**	**34,46,35,801**
Grand Total	**1,23,51,32,734**	**10,812,87,987**	**84,26,19,903**

(b) Material Commitment for Capital Expenditure and the Expected Sources of Fund

The Company has no material commitment for Capital Expenditure except for Sanction Commitment for Loan and Leases.

(c) Material Changes From Period to Period in Income, Cost of Fund, Other Operating Expenses and Net Income

Income:

(In million Tk.)

Particulars	**31-Dec-07**	**31-Dec-06**	**31-Dec-05**
Interest Income	425.15	400.36	385.28
Lease Rental	357.31	200.60	101.18
Interest Expense	(368.80)	(323.18)	(286.58)
Depreciation on Leased Assets	(240.12)	(124.48)	(63.65)
Net Interest & Lease Rental Income	**173.54**	**153.30**	**136.23**
Loan Fees	4.78	4.00	7.47
Total Operating Income	**178.32**	**157.30**	**143.70**
Profit on Sale of Share	12.46		
Dividend Income	4.17		-
Other non operating Income	2.71	0.15	2.63
Total Income	**197.66**	**157.45**	**146.33**

Expenses:

(In million Tk.)

Particulars	**31-Dec-07**	**31-Dec-06**	**31-Dec-05**
Directors' Fee	0.30	0.27	0.21
Staff Cost	15.64	15.25	14.73
Office Occupancy	2.06	2.55	2.54
Promotion and Publicity	1.96	0.87	1.47
Insurance Premium	0.17	1.45	1.38
Audit Fees	0.08	0.08	0.08
Other Expenses	7.45	7.03	5.67
Depreciation	3.98	1.84	1.68
Total Operating Expense	**31.64**	**29.34**	**27.76**

Profit:

(In million Tk.)

Particulars	**31-Dec-07**	**31-Dec-06**	**31-Dec-05**
Operating Profit	166.02	128.11	118.57
Non Operating Profit / (Loss)	-	-	-
Total Provision	(12.17)	(7.14)	(6.75)
Profit before Tax	153.85	120.97	111.82
Net Profit after Tax	**74.35**	**87.95**	**102.35**

Notes:

i) Interest income and operating income have increased due to increase in volume of Mortgage, Term and Lease Financing.

ii) Operating expenses increased due to increase in staff cost, promotion and publicity, depreciation expense, etc.

iii) Net profit decreased due to increase in provision for taxes and general provision against loans, etc.

(d) Seasonal Aspect

There is no seasonal impact on the business of the Company. However, tight money market condition, political instability, fiscal year closing, Ramadan, monsoon and floods etc. do sometimes limit the clients as well as Company's ability to conduct smooth operations.

(e) Known Trends, Events or Uncertainties

Political unrest, strike, financial market condition and flood are the known events that may affect the Company's ability to conduct businesses in full force and may affect its performance in future.

(f) Changes in Assets to Pay off Liabilities

No asset of the Company has been used to pay off any liabilities.

(g) Loans Taken From or Given To Holding/Parent or Subsidiary Company

The Company has no holding/parent or subsidiary company. Hence, there is no scope to obtain loans from or provide loans to any such parties.

(h) Future Contractual Liabilities

The Company does not intend to enter into any future contractual liabilities within next one year other than the normal course of business under the Financial Institutions Act, 1993 and other regulatory obligations.

(i) Future Capital Expenditure

The Company plans to open few more branches in future subject to the approval of Bangladesh Bank, which will require capital expenditure such as interior decoration, furniture and fixtures, machinery and equipment, power generator, air conditioners, computers, vehicles etc. No other capital expenditure is expected in the near future except for the aforementioned expenditure with regard to expansion of branches.

(j) VAT, Income Tax, Customs Duty or Other Tax Liability

VAT: Except income from fees, commission and charges, all other income of the Company is exempted of VAT. There is no VAT liability outstanding as on December 31, 2007.

Income Tax: Income tax summary is given below:

Income Year (Jan-Dec)	Assessment Year	Status
1999	2000-01	Settled
2000	2001-02	Settled
2001	2002-03	Settled
2002	2003-04	Settled
2003	2004-05	Settled
2004	2005-06	Settled
2005	2006-07	As per certificate no. TIN-106-200-8387/2007-2008/404 dated 3.3.2008 of DCT, LTU, the company has submitted return for the assessment year 2006-07 which is considered to be settled (wb®úwËK…Z) in accordance with section 82 B (2) of the Income Tax Ordinance 1984
2006	2007-08	Appeal filed with Income Tax Commissioner (Appeal) On 13.05.2008 against which hearing is still awaiting
2007	2008-09	As per certificate no. TIN-106-200-8387/2008-2009/721 dated 24.7.2008 of DCT, LTU, the company has submitted return for the assessment year 2008-09 which is considered to be accepted in accordance with section 82 BB (1) of the Income Tax Ordinance 1984

(k) Operating Lease

The Company has been running its operations through its Corporate Head Office and 3 other branches in Dhaka and Chittagong among which the 3 branches are on the rented space. The details of the operating leases the Company has entered during last five years preceding the issuance of prospectus is mentioned below:

Particulars of Rented Premises	Area (Sft)	Monthly Rent (Tk.)
Corporate Head Office National Plaza (8th Floor), 109, Bir Uttam C.R. Datta Road, Dhaka-1205 (from 8-Jan-02 to 13-Feb-07)	2,452	61,300.00
Motijheel Branch Dhaka Chamber Building (5th Floor), 65-66 Motijheel C/A, Dhaka-1000	1,631	32,882.00
Gulshan Branch Basati Avenue (5th Floor) House No. NW(H)-10, Road No. 53 Gulshan-2, Dhaka-1213	2,150	35,000.00
Chittagong Branch Modina Tower (4th Floor), 805/A CDA Avenue (GEC Circle) Chittagong	800	10,560.00

(l) Financial/Lease Commitment

The Company has not entered into any financial / lease commitment in the last five years.

(m) Personnel Related Scheme

The Company has a well-designed compensation plan to attract highly capable professional staff with high degree of integrity. Employee performance is regularly evaluated and a good number of them have been given promotions as reward for their contribution to the Company.

Provident Fund: The Company offers Provident Fund benefit for its full time employees with 10% of the basic contributed by the employees and the Company in every year effective on confirmation of service at The Company.

Group Life Insurance: The Company also provides group life insurance benefit for its full time employees.

Festival and Annual Incentives: The Company provides two festival bonuses to the employees in every year and sometimes offers annual incentives to the deserving personnel depending on the Company's performance subject to the approval of the Board.

(n) Break Down Of Expenses for Issue Manager and Underwriters

I) Issue Management Fee Tk. 3,75,000.00

II) Underwriting Commission of Tk. 125,000 at 0.50% on the amount underwritten. However, the take-up commission would be at 0.50% on the amount remaining under subscribed.

Particulars	Rate	Amount in Taka
Issue Management Fee	Fixed	3,75,000
Underwriting Commission	0.50%	1,25,000
Application Fee to the SEC	Fixed	10,000
Consent Fee to the SEC	0.15%	75,000
DSE Service Charge	Fixed	5,000
Initial Listing Fee (DSE & CSE)	0.25% on 10 crore & 0.15% on 42 crore	17,60,000
Annual Fee (DSE & CSE)	Fixed	1,60,000
CDBL related expenses		6,15,000
Lottery Arrangement		2,00,000

Printing and Publication of Prospectus	Lump Sum	7,00,000
Post Issue Expenses	Lump Sum	15,00,000
Total		**55,25,000**

(o) Revaluation of Company's Assets and Summary Thereof
No revaluation has been made upon the Company's assets and liabilities.

(p) Transaction between Holding Company and the Issuer
The Company has no holding/subsidiary or associated company. Hence, no such transactions have been taken place.

(q) Declaration for a Non-Banking Financial Institution

DECLARATION FOR A NON-BANKING FINANCIAL INSTITUTION

We hereby declare that all requirements have been met as specified in the Financial Institutions Act, 1993 (Act no. 27 of 1993) under the Financial Institutional Regulation 1994.

Sd/- **M. Haider Chowdhury** Chairman (Nominated by National Life Insurance Company Limited)	Sd/- **Mirza Ejaz Ahmed** Director (Nominated by HRC Bangladesh Limited)	Sd/- **M. Shah Alam Sarwar** Director (Nominated by United Commercial Bank Limited)
Sd/- **Md. Abdur Rahman Sarker** Director (Nominated by National Bank Limited)	Sd/- **Md. Hanif** Director (Nominated by Jiban Bima Corporation)	Sd/- **AKM Iftekhar Ahmad** Director (Nominated by Eastern Insurance Company Limited)
Sd/- **AKM Rafiqul Islam** Director (Nominated by Pragati Insurance Limited)	Sd/- **Muminul Haque Chowdhury** Director (Nominated by Borak Travels (Pvt.) Limited)	Sd/- **Abu Zafar Humayun** Director (Nominated by Unicorn Equities Limited)
Sd/- **Syed Ali Jowher Rizvi** Director (Nominated by Overseas Investors Forum Zambia)	Sd/- **Md. Abdur Rob** Managing Director	

(r) Special Report from the Auditor

AUDITORS' REPORT REGARDING ALLOTMENT OF SHARES OTHERWISE THAN IN CASH

This is to certify that the share capital of National Housing Finance And Investments Limited, National Plaza (7th & 8th Floor), 109, Bir Uttam C.R. Datta Road, Dhaka-1205, Bangladesh at December 31, 2007 was as follows:

A. Authorized Capital:

20,000,000 Ordinary Shares of Tk.100/- each	-	Tk. 2,000.00 million.

B. Issued, Subscribed and Paid-up Capital:

4,000,000 Ordinary Shares of Tk.100/- each Subscribed in full in cash by the sponsors	-	Tk. 400.00 million.

Bonus shares approved at annual general meeting on 24th June, 2007 amounting Tk.70 million have been allotted on 20.04.2008 after getting the SEC approval.

We also certify that National Housing Finance And Investments Limited has not allotted any shares for any consideration otherwise than for cash to any Shareholders including Promoters or Sponsors except bonus shares allotted on 20.04.2008 amounting Tk.70 million.

Date: April 23, 2008
Place: Dhaka

Sd/-
M. J. ABEDIN & CO.
Chartered Accountants

(s) Any Material Information which is likely to have an Impact on the Offering

DECLARATION FOR NON-SUPPRESSION OF ANY MATERIAL INFORMATION

This is to declare that to the best of our knowledge and belief no information, facts or circumstances that are disclosable have been suppressed, which can change the terms and conditions under which the offer has been made to the public.

Sd/-
Md. Abdur Rob
Managing Director

Dated: April 02, 2008

DIRECTORS AND OFFICERS

(a) Directors' Particulars

Name of Directors	Age	Position in the Company	Date of becoming first Director	Expiry of Current Term	Period of Nomination
M. Haider Chowdhury (Nominated by National Life Insurance Company Limited)	69	Chairman	18-Aug-98	9th AGM in 2008	*
Mirza Ejaz Ahmed (Nominated by HRC Bangladesh Limited)	49	Director	13-Nov-99	11th AGM in 2010	*
M. Shah Alam Sarwar (Nominated by United Commercial Bank Limited)	49	Director	15-Apr-08	9th AGM in 2008	*
Md. Abdur Rahman Sarker (Nominated by National Bank Ltd.)	60	Director	10-Dec-2007	9th AGM in 2008	*
Md. Hanif (Nominated by Jiban Bima Corporation)	51	Director	7-March-07	10th AGM in 2009	*
AKM Iftekhar Ahmad (Nominated by Eastern Insurance Company Limited)	62	Director	4-Feb-99	9th AGM in 2008	*
AKM Rafiqul Islam (Nominated by Pragati Insurance Limited)	70	Director	22-Jun-06	10th AGM in 2009	*
Muminul Haque Chowdhury (Nominated by Borak Travels (Pvt.) Limited)	65	Director	23-Jul-03	11th AGM in 2010	*
Abu Zafar Humayun (Nominated by Unicorn Equities Limited)	70	Director	18-Aug-98	10th AGM in 2009	*
Syed Ali Jowher Rizvi (Nominated by Overseas Investors Forum, Zambia)	53	Director	18-Aug-98	9th AGM in 2008	1 year (from 2007 to 2008)

* Until further information

(b) Directors Involvement in Other Companies

Name	Position in the Company	Directorship/Sponsorship/Ownership with other companies	Position
M. Haider Chowdhury (Nominated by National Life Insurance Company Limited)	Chairman	National Life Insurance Company Limited	Chairman
		Industrial and Infrastructure Development Finance Company Limited	Director
		Credit Rating Agency of Bangladesh Limited (CRAB)	Director
Mirza Ejaz Ahmed (Nominated by HRC Bangladesh Limited)	Director	HRC Bangladesh Limited	Managing Director
		Shirt Makers Ltd.	Director
		International Shirtline Ltd.	Director
		Section Seven Ltd.	Director
		PSI Solution Ltd.	Director

M. Shah Alam Sarwar (Nominated by United Commercial Bank Limited)	Director	United Commercial Bank Limited	Additional Managing director
Md. Abdur Rahman Sarker (Nominated by National Bank Ltd.)	Director	National Bank Limited	Managing director
Md. Hanif (Nominated by jiban Bima Corporation)	Director	Jiban Bima Corporation	Managing director
AKM Iftekhar Ahmad (Nominated by Eastern Insurance Company Limited)	Director	Eastern Insurance Company Limited	Managing director
AKM Rafiqul Islam (Nominated by Pragati Insurance Limited)	Director	Pragati Insurance Limited	Founder Managing Director
		Pragati Life Insurance Limited	Sponsor Director
		Credit Rating Agency of Bangladesh	Sponsor Director
		Jamuna Resort Limited	Director-in-Charge (Representing Pragati Insurance)
		Industrial and Infrastructure Development Finance Company Limited	Director (Representing Pragati Insurance)
		Central Depository Bangladesh Limited	Director (Representing Bangladesh Insurance Association)
Muminul Haque Chowdhury (Nominated by Borak Travels (Pvt.) Limited)	Director	Borak Travels (Pvt.) Limited	Advisor
		Unique group	Advisor
Abu Zafar Humayun (Nominated by Unicorn Equities Limited)	Director	Unicorn Equities Limited	chairman
Syed Ali Jowher Rizvi (Nominated by Overseas Investors Forum, Zambia)	Director	Overseas Investors Forum Zambia	Shareholder
		Union Accessories Limited	Director
		Union Knitting & Dying Limited	Director
		Alliance Holdings Limited	Managing director
		Alliance T-G Supply Limited	Director
		Global Beverage Company Limited	Managing director
		PEB Steel Alliance Limited	Director
		Alliance Properties Limited	Director
		Ocean Containers Limited	Managing director
		Summit Alliance Port Limited	Director

(c) Family Relationship among Directors and Top Five Officers

There are no family ties among the directors and top five officers of the Company.

(d) Short Bio-Data of Director

Mr. M. Haider Chowdhury, Chairman (Representing National Life Insurance Company Ltd.)

Mr. Chowdhury holds an M. Com. degree. He has vast knowledge and experience in the field of Insurance, Non Banking Finance and Commercial Banking. He was the Chairman of National Credit And Commerce Bank Limited, Eastern Insurance Company Limited, Director of Rupali Bank Limited, Uttara Finance And Investments Limited and the founder Managing Director of National Bank Limited. At present, Mr. Chowdhury is the Chairman of National Life Insurance Company Limited, a Director of Industrial & Infrastructure Development Finance Company Limited (IIDFC) and Credit Rating Agency of Bangladesh Limited (CRAB). He has traveled many countries across the world in connection with businesses and is also associated with a wide range of social and commercial entities. His contributions toward socio-cultural and charitable activities are quite remarkable.

Mr. Mirza Ejaz Ahmed, Director (Representing HRC Bangladesh Limited)
Mr. Ahmed obtained MBA degree from Institute Of Business Administration, Dhaka University. At present, he is the Managing Director of HRC Bangladesh Limited, Director of Shirt Makers Ltd., International Shirtline Ltd., Section Seven Ltd. and PSI Solution Ltd.

Mr. M. Shah Alam Sarwar, Director (Representing United Commercial Bank Limited)
Mr. Sarwar is the Additional Managing Director of United Commercial Bank Limited. He is an M.B.A. from Victoria University, Australia. He was the Managing Director & CEO of IPDC before joining UCBL as the Additional Managing Director. He previously worked at reputed multinational banks such as ANZ Grindlays Bank, Standard Chartered Bank, American Express Bank, etc.

Mr. Md. Abdur Rahman Sarker, Director (Representing National Bank Ltd.)
Mr. Sarker is an M.A. in Economics. He is the Managing Director of National Bank Limited. He started his professional career as a lecturer of Economics. Then he joined Janata bank and served in various positions of the bank until he joined National Bank. He possesses wide knowledge and strong leadership skills.

Mr. Md. Hanif, Director (Representing Jiban Bima Corporation)
Mr. Hanif is a nominated Director of the Company and has been nominated by Jiban Bima Corporation. He has vast knowledge and wide connection in the insurance sector of Bangladesh. At present, he is the Managing Director of Jiban Bima Corporation.

Mr. A.K.M. Iftekhar Ahmad, Director (Representing Eastern Insurance Company Limited)
Mr. Ahmad is the Managing Director of Eastern Insurance Company Limited, a renowned insurance company in the country. He has a long experience in the insurance sector of Bangladesh. He hails from a reputed Muslim family and is a Bangladeshi national.

Mr. A.K.M. Rafiqul Islam, Director (Representing Pragati Insurance Limited)
Mr. Islam is an FCA form Institute of Chartered Accountants, Pakistan and FCMA from Institute of Chartered Management Accountant, U.K. He is the Founder Managing Director of Pragati Insurance Limited and has vast knowledge and long experience in managing insurance companies and financial institutions in Bangladesh. He has participated in a good number of training and seminars in home and abroad. Mr. Islam is also the Sponsor Directors of Pragati Life Insurance Limited and Credit Rating Agency of Bangladesh. Moreover, he is a Director-in-Charge of Jamuna Resort Limited and Directors of both IIDFC Limited and Central Depository Bangladesh Limited.

Mr. Muminul Haque Chowdhury, Director (Representing Borak Travels (Pvt.) Limited)
Mr. Chowdhury holds an M.S. in Economics from University of Darmstadt of New York. He also holds a Post Graduate Diploma in Energy Management from the State University of New York. His area of specialization includes Business Administration, Negotiation, Financial and Economic Analysis, Monitoring and overall Management. Mr. Chowdhury is also an Advisor of Unique Group of Companies Limited. He is a nominated Director of the Company from Borak Travels (Pvt.) Limited. He has actively participated in many professional seminars at home and abroad.

Mr. Abu Zafar Humayun, Director (Representing Unicorn Equities Limited)

Mr. Humayun is a nominated Director of National Housing Finance and Investments Limited. He is also the Chairman of Unicorn Equities Limited at present. He hails from a reputed Muslim family. He is a Bangladeshi national.

Mr. Syed Ali Jowher Rizvi, Director (Representing Overseas Investors Forum, Zambia)

Mr. Rizvi is nominated as a director of National Housing Finance and Investments Limited by Overseas Investors Forum of Zambia. He attained MBA in International Finance and Accounting from Indiana University, USA.

(e) CIB Report of the Directors

Neither the Company nor any of its directors or shareholders who hold 5% or more shares in the paid-up capital of the issuer is loan defaulter in terms of the CIB Report of the Bangladesh Bank.

(f) Officers Profile

Name	Designation	Age	Joining Date in NHFIL	Educational Qualification	Last Five Years Experience
Md. Abdur Rob	Managing Director	56 years	20-Jun-05	M.Com (Management)	Deputy Managing Director The Premier Bank Ltd.
Md. Kamal Pasha	Vice President	49 years	23-Nov-06	M. A. (Economics)	Assistant Vice President Social Investment Bank Ltd.
Md. Shamim Ahamed	Assistant Vice President & Head of Finance	36 years	30-Dec-06	M. Com. (Management), CA	Deputy Chief Accountant, Aegis Cotton
Shital Chandra Saha	First Assistant Vice President & Head of Lease Finance	36 years	27-Nov-05	M.S.S (Public Admin.)	Manager, Union Capital Limited
Md. Nazrul Islam	First Assistant Vice President & Head of Recovery	43 years	20-06-06	M. Com. (Finance)	Principal Officer, Islamic Finance & Investments ltd.
Altafur Rahman	Legal Counselor	50 years	27-May-99	L.L.M (USA)	Advocate, Supreme Court
Uttam Kumar Saha	Company Secretary	31 years	2-Nov-05	ACS, CA (Inter) M.Com (Accounting)	Manager (A&F), Noman Group of Industries Ltd.
M. Rashid Al Amin	Manager & Operation In-Charge	35 years	12-Feb-06	M. Com.	First Executive Officer, Q-Cash, IT Consultants Limited
F. M. Zahidul Karim	Deputy Manager (Head of HRD)	36 years	27-Oct-05	MBS (Management) MBA (HRM)	Manager-HR, Admin & Planning (NPL-Norway)
Mohammad Saiful Islam, ACMA	Deputy Manager (F&A)	30 years	27-Oct-05	CMA & M.Com. (Accounting)	Management Trainee (Coats Bangladesh Ltd.)
Md. Ziaul Karim	Deputy Manager & IT In-Charge	36 years	8-Nov-06	M. Sc. (Physics)	System & Network Administrator, Akiz Group

Samia Islam	Deputy Manager & Head of Marketing	29 years	1-Nov-06	M.B.A. (HRM)	Assistant Secretary, Dhaka Chamber of Commerce & Industry (DCCI)
Mosharof Hossain	Branch Manager, Motijheel	37 years	31-Dec-05	M. com (Management) M.B.A	Senior Officer, Islamic Finance & Investments ltd.
Md. Omar Faroque	Deputy Manager & Branch In-Charge-Gulashan	31 years	19-Feb-06	M.B.A (finance) M. Com (Accounting)	Commercial Executive, Telebarta Ltd- Jubok Phone
Anowarul Haque Chowdhury	AVP, Chittagong Branch	58 years	21-Dec-05	M. A.	Deputy General Manager, Basic Bank

INVOLVEMENT OF DIRECTORS AND OFFICERS IN CERTAIN LEGAL PROCEEDINGS

No Director or officer of National Housing Finance And Investments Limited was involved in any of the following types of legal proceedings in the last 10 (ten) years:

(a) Any bankruptcy petition filed by or against any company of which any officer or director of the issuer company filing the prospectus was a director, officer or partner at the time of the bankruptcy.

(b) Any conviction of director, officer in a criminal proceeding or any criminal proceeding pending against him.

(c) Any order, judgment or decree of any court of competent jurisdiction against any director, officer permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.

(d) Any order of the Securities and Exchange Commission, or other regulatory authority or foreign financial regulatory authority, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

As per audited accounts of December 31, 2007 and December 31, 2006, the Company has entered into the following transactions:

Name of the persons/entities involved	**Relationship with the Issuer**	**Nature of Transaction**	**Amount** (Tk.)
			(As on December 31, 2007)
M/s.Union Accessories Ltd. (Mr. Syed Ali Jowher Rizvi)	Director	Lease Finance	64,02,391
M/s. Ali Store (Mr. Syed Ali Jowher Rizvi)	Director	Lease Finance	1,76,448
Ms. Rita Chowdhury	Relative of Director	Home Mortgage Loan	20,00,000

Ms. Prema Humayun	Daughter of Director	Home Mortgage Loan	20,65,710
Mr. Md. Abdur Rob	Managing Director	Home Mortgage Loan	25,00,000
Total			**1,31,44,549**
(As on December 31, 2006)			
M/s. K.B. Huq and Company (Mr. M. Haider Chowdhury)	Chairman	Lease Finance	1,83,080
M/s. K.B. Huq and Company (Mr. M. Haider Chowdhury)	Chairman	Term Loan	1,76,43,401
M/s. Ali Store (Mr. Syed Ali Jowher Rizvi)	Director	Lease Finance	3,17,342
Ms. Prema Humayun	Daughter of Director	Home Mortgage Loan	21,23,652
Total			**2,02,67,475**

The Company has entered into the following transaction with the officers during last two years of issuing prospectus:

Name of the persons	**Position in NHFIL**	**Nature of Transaction**	**Amount** (Tk.)
(As on December 31,2007)			
Md. Kamal Pasha	Vice President	Staff & Car Loan	4,58,929
Md. Shamim Ahamed, ACA	AVP & Head of Finance	Staff Loan	4,83,242
Shital Chandra Saha	First Assist. Vice President	Staff Loan	4,53,992
Nazrul Islam	First Assist. Vice President	Staff Loan	4,83,242
Altafur Rahman	Legal Counsel	Staff Loan	1,78,900
Anowarul Hhaque Chowdhury	AVP, Chittagong Br.	Staff Loan	1,49,996
Uttam Kumar Saha	Company Secretary	Staff Loan	4,55,419
F.M. Zahidul Karim	Head of HRD	Staff Loan	4,53,992
M. Rashid Al- Amin	Operation In-Charge	Staff Loan	3,79,131
Mohammad Saiful Islam	Deputy Manager	Staff Loan	3,72,455
Dilip Chandra Roy	Assistant Manager	Staff Loan	3,21,942
Enayet Karim	Assistant Manager	Staff Loan	4,40,664
Md. Ruhul Amin	Assistant Manager	Staff Loan	2,35,307
Md. Jayed Hossain	Assistant Manager	Staff Loan	3,71,639
Md. Omar Faroque	Deputy Manager	Staff Loan	4,79,748
Md. Mosharraf Hossain	Manager	Staff Loan	4,93,430
Md. Sabbir Hossain	Assistant Manager	Staff Loan	1,95,641
Rafiuzzaman	Assistant Manager	Staff Loan	1,49,000
Md. Shahjaman	Assistant Manager	Staff Loan	93,081
Nizam Uddin	Assistant Manager	Staff Loan	49,349
Kabir Hossain	Assistant Manager	Staff Loan	96,629
Sanchoita Sarker	Officer	Staff Loan	57,993
Sk. Farid	Officer	Staff Loan	47,438
Azizur Rahman	Officer	Staff Loan	96,629

Shahidul Islam	GSS	Staff Loan	59,215
Tajul Islam	GSS	Staff Loan	39,739
Shaheen	GSS	Staff Loan	19,870
Ruhul Amin	Driver	Staff Loan	2,500
	Total		**71,19,112**
			(As on December 31, 2006)
Nizam Ahmed	Vice President	HML & Staff Loan	11,31,02
Altafur Rahman	Legal Counsel	Staff Loan	4,95,735
Shital Chandra Saha	First Assist. Vice President	Staff Loan	2,59,300
Anowarul Haque Chowdhury	Branch Manager, Chittagong	Staff Loan	2,00,000
Uttam Kumar Saha	Company Secretary	Staff Loan	3,97,386
F.M. Zahidul Karim	Head of HRD	Staff Loan	4,96,735
M. Rashid Al- Amin	Operation In-Charge	Staff Loan	2,00,000
Dilip Chandra Roy	Assistant Manager	Staff Loan	1,98,693
Syeda Farzana Hashem	Assistant Manager	Staff Loan	2,50,000
Md. Ruhul Amin	Assistant Manager	Staff Loan	99,349
	Total		**37,28,218**

The Company has not entered into any transaction or any proposed transaction during the last two years with any of the following persons, namely **(except as mentioned above):**

A. Any director or officer of the Company

B. Any director or officer

C. Any person owning 5% or more of the outstanding shares of the issuer.

D. Any member of the immediate family including spouse, parents, brothers, sisters, children and in-laws of any of the above persons;

E. Any transaction or arrangement entered into by the issuer or its subsidiary for a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries / holding company or associate concerns, or who was a director or connected in any way with a director at any time during last three years prior to the issuance of Prospectus.

F. The Company has not taken or given any loan from or to any director or any other person connected with the directors.

G. **Directors holding any position apart from the Company:** The information is already included in directors and officers part of the prospectus.

H. **Interests and Facilities enjoyed by the Directors:** The Directors did not enjoy any interest, any facilities, whether pecuniary or non-pecuniary excepting fees for attending the Meetings of the Board of Directors.

EXECUTIVE COMPENSATION

a) Remuneration Paid To Top Five Salaried Officers During Last Accounting Year

(Amount in Taka)

Name	Designation	Amount paid in 2007
Md. Abdur Rob	Managing Director	33,00,000
Mr. Kamal Pasha	Vice President	8,45,000
Mr. Shamim Ahamed, ACA	AVP & Head of Finance	7,80,000
Mr. Shital Chandra Saha	First Assistant Vice President	5,49,500
Mr. Altafur Rahman	Legal Counselor	5,21,000
	Total	**59,95,500**

b) Aggregate Amount of Remuneration Paid to the Directors and Officers during Last Accounting Year

(Amount in Taka)

Group	January-December, 2007
Directors' fees (as per audited accounts)	3,00,000
Officers	76,40,000
Total	**79,40,000**

c) The Company did not pay any remuneration to any person who was not an officer or director except for the consultants of the Company amounting 11,59,438 during the last accounting year.
d) There is no contract with any Director or officer providing for the payment of any future compensation.
e) Pay Increase Intention: Except for normal annual increment and allowances, there is no plan for substantial pay increase to its officers and directors in the current year.

OPTIONS GRANTED TO OFFICERS, DIRECTORS AND EMPLOYEES

The Company did not grant any option to any Officer, Director and all other officers of the Company or to any other person involved with the Company.

TRANSACTION WITH THE DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM

The Directors and Subscribers to the Memorandum of the Company have not received any benefits other than the meeting fees and dividends, and the Company has also not received anything from its Directors and Subscribers except for the fund against allotment of shares during last five years.
The Directors and Subscribers to the Memorandum of the Company have not transferred any asset to the Company but deposited share money from time to time.

TANGIBLE ASSETS PER SHARE (as on December 31, 2007)

(As per audited accounts)

Particulars	**As on December 31, 2007 (Tk.)**
Cash and Bank Balances	1,23,31,10,375
Accounts Receivables and Advances	16,32,61,846
Investment in Shares	6,18,26,685
Current Maturity of Mortgage Loans	9,49,99,392
Current Maturity of Lease finance	28,11,45,316
Current Maturity of Term Finance	7,48,39,555
Mortgage Loans	1,75,03,61,400
Lease Finance	70,34,29,481
Term Finance	7,01,97,781
Fixed Assets	3,16,75,013
Total Tangible Assets (A)	**4,46,48,46,844**
Long Term Loans and Deposits-Net of Current Maturity	61,48,42,446
Total Current Liabilities and Provisions	3,22,88,48,203
Provision for deferred tax	8,65,908
Total Tangible Liabilities (B)	**3,84,45,56,557**
Net Tangible Assets (A-B)	**62,02,90,288**
Number of shares (C)	**40,00,000**
Net Tangible Asset Per Share [(A-B)/C]	**155.07**
No. of shares after issuance of bonus share on 20.4.2008	**47,00,000**
Net Tangible Asset Per Share considering the issuance of bonus share	**131.98**

OWNERSHIP OF THE COMPANY'S SECURITIES[2] (as on April 20, 2008)

Sl #	**Name of the Shareholders**	**Address**	**No of shares**	**% of total shareholding**
	Banks:			**15.66**
1	IFIC Bank Ltd	8 Rajuk Avenue, Dhaka-1000	235,000	5.00
2	National Bank Ltd	18, Dilkusha C/A, Dhaka-1000	250,406	5.33
3	United Commercial Bank Ltd	60, Motijheel C/A, Dhaka-1000	250,406	5.33
	Insurance Companies:			**36.97**
4	Eastland Insurance Co. Ltd	13, Dilkusha C/A, Dhaka-1000	250,406	5.33
5	Eastern Insurance Co. Ltd	44, Dilkusha C/A, Dhaka-1000	250,406	5.33
6	Jiban Bima Corporation	24, Motijheel C/A, Dhaka-1000	235,000	5.00
7	National Life Insurance Co. Ltd	79, Motijheel C/A, Dhaka-1000	250,406	5.33
8	Pragati Insurance Ltd	20-21 Kawran Bazar C/A, Dhaka 1215	250,406	5.33
9	Reliance Insurance Ltd	8 Rajuk Avenue, Dhaka-1000	250,406	5.33
10	Sadharan Bima Corporation	33, Dilkusha C/A, Dhaka-1000	250,405	5.33
	Local Corporate/Business Groups:			**36.86**

11	Bangladesh Lamps Ltd.	Sadar Road, Mohakhali, Dhaka	250,405	5.33
12	Borak Travels (Pvt.) Ltd	51B, Kemal Ataturk Avenue, Dhaka-1213	250,405	5.33
13	HRC Bangladesh Ltd	46 Kawran Bazar C/A, Dhaka 1215	250,405	5.33
14	Shaw Wallace Bangladesh Ltd	27, Mohakhali C/A, Dhaka-1212	235,000	5.00
15	Square Pharmaceuticals Ltd	48, Mohakhali C/A, Dhaka-1212	245,526	5.22
16	Summit Industrial & Mercantile Corporation Ltd.	18 Kawran Bazar, Dhaka-1215	250,405	5.33
17	Unicorn Equities Ltd	78, Motijheel C/A, Dhaka-1000	250,405	5.33
18	**Overseas Investors Forum (UK)**			**5.25**
i)	Dr. Jamshed S A Choudhury	31 Lindsay Drive, Kenton, Middlesex, UK	45,068	0.96
ii)	Mr. A B M Rab Howlader	4 Hermitage Close, London E18 2BW, UK	24,554	0.52
iii)	Mr. Fazlur Rahman	128 Gants Hill Crescent, Gants Hill, Essex, UK	11,750	0.25
iv)	Mr. S H Hazra	3 Eskdale Close, Penylan, Cardiff, UK	23,500	0.50
v)	Mr. A H M Shaukat Husain	52 Grey Hound Hill, Hendo, NW4 4JB, UK	11,750	0.25
vi)	Mr. M Zahirul Islam	81 Glenwood Gardens, Grants Hill, Essex, UK	11,750	0.25
vii)	Mr. T I M Nurun Nabi	75 Hillside Gardens, Wallington, UK	23,500	0.50
viii)	Mr. A K M Fazlur Rahman	77 Valley field Road, Streatham, London, UK	11,750	0.25
ix)	Mr. M Rukn Uddin	12 Fairlawn's, Middlesex, UK	11,750	0.25
x)	Mr. A.K.M Fazlul Huq	143 Dartmouth Road, London NW2 4EN, UK	11,750	0.25
xi)	Mr. Mamoon Rahman Suite	1, 2 Haydon Road, London, UK	24,554	0.52
xii)	Mrs. Hamida Yousuf Zoha	24 Queen Elizabeth's Drive, London, UK	35,250	0.75
19	**Overseas Investors Forum (Zambia)**			**5.26**
i)	Mr. Manik Meah	82 Highlever Road, London W10 6PN, UK	11,750	0.25
ii)	Mrs. Jhahanara Imam	40 Alderney Avenue, Heston, Middlesex, UK	11,750	0.25
iii)	Dr. Saidur Rahman Lasker	Via Guglielmo Ciamarra, 00154 Rome, Italy	12,276	0.26
iv)	Mrs. Forida Chowdhury	Flat 61, 17th flr, Hackworth Point, London, UK	23,500	0.50
v)	Mr. A. A. Khan	50 College Road, London SW19 2BS, UK	11,750	0.25
vi)	Mr. M. A. Matin	33 Canterbury Avenue, Ilford, Essex, UK.	23,500	0.50
vii)	Mrs. Syeda Sohela Uddin	53 Kings Avenue, Woodford Green, Essex, UK.	11,750	0.25
viii)	Mr. Syed Ali Jowher Rizvi	House A/15, Road 117, Gulshan, Dhaka	141,000	3.00
		Total	**47,00,000**	**100**

[2]As per the audited accounts on December 31, 2007, the paid up capital of the company is 40.00 crore (comprising of 40 lac ordinary shares at Tk. 100.00 each) which is at present 47 crore including the bonus shares of Tk. 7.00 crore (7 lac ordinary shares at Tk. 100.00 each) issued on April 20, 2008 upon SEC approval.

There are no shares owned by the officers or directors of the Company except Mr. Syed Ali Jowher Rizvi.

DETERMINATION OF OFFERING PRICE
Net Asset Value per Share

The company's net asset value per share as per the Audited Financial Statements calculated on the basis of historical cost is as follows:

Shareholders' Equity	December 31, 2007 (Amount in Taka)
Paid-up Capital	40,00,00,000
Proposed Stock Dividend	7,00,00,000
Statutory Reserve	8,76,22,178
Retained Earnings	6,26,68,110
Total Shareholders' Equity	**62,02,90,288**
Total number of shares outstanding	40,00,000
Net Asset Value Per Share	**155.07**
Net Asset Value Per Share (considering subsequent allotment of shares of Tk. 70 million)	**131.98**

Date: April 23, 2008
Place: Dhaka

Sd/-
M. J. ABEDIN & CO.
Chartered Accountants

The net asset value per share is Tk. 155.07 (or Tk. 131.98 considering subsequent allotment of bonus share) which is above the issue price of Tk. 100.00 per share.

MARKET FOR THE SECURITIES BEING OFFRED

The issuer shall apply to all the stock exchanges in Bangladesh within seven working days from the date of consent accorded by the Commission to issue prospectus.

DECLARATION ABOUT THE LISTING OF SHARES WITH THE STOCK EXCHANGE(S)

"None of the stock exchange(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this Prospectus shall be void and the Company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchange(s), or from the date of expiry of the said 75 days, as the case may be.
In case of non-refund of the subscription money within the aforesaid fifteen days, the Company's Directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.
The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Securities and Exchange Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money."

DESCRIPTION OF SECURITIES OUTSTANDING OR BEING OFFERED

a) Dividend, Voting and Preemption Right

In case of any declaration of cash/stock dividend by the Company or distribution of any property of the Company, all the shareholders shall be entitled to it in proportion to their shareholdings on the date of the book closure for the purpose. The Company will follow a dividend policy, which will allow it to provide a fair return on its shareholders' investment and simultaneously allow for building up of the retained earnings and reserves as a rule that would sustain growth of the Company.

The share capital of the Company is divided into Ordinary Shares, carrying equal rights to vote and receive dividend in terms of the relevant provisions of the Companies Act 1994 and the Articles of Association of the Company. All shareholders shall have the usual voting right in person or by proxy in connection with, among others, election of Directors and Auditor(s) and other usual agenda of General Meeting - Ordinary or Extra Ordinary. On a show of hand, every shareholder present in person and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for every share held by him or her.

In case of any additional issue of shares for raising further capital the existing shareholders shall be entitled to Right Issue of shares in terms of the guidelines issued by the Securities and Exchange Commission and Bangladesh Bank from time to time.

b) Conversion and Liquidation Right

The Company in its General Meeting may convert paid-up shares to any denomination. No special preferences or privileges shall be attached to this conversion.

In case of winding- up or liquidation of the Company, all shareholders have the same privileges and advantages as ordinary shareholder as regards participation in profits and voting at meetings of the Company

c) Right For Transfer

In terms of the provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are transferable. The Company shall not charge any fee other than Government duties for registering transfer of shares. No shares shall be transferred to an infant or person of unsound mind.

d) Dividend Policy

I. The profits of the Company, subject to any special right relating thereto created or authorized to be created by the Memorandum of Association and subject to the provision of the Articles of Association, shall be divisible among the members in proportion to the amount of capital paid -up on the shares held by them respectively.

II. No larger dividend shall be declared than is recommended by the directors, but the Company in its General meeting may declare a smaller dividend.

III. No dividends shall be paid otherwise than out of the profits of the year or any other undistributed profits and general reserves. Dividend shall not carry interest as against the Company.
IV. The Directors may from time to time pay off the members such interim dividend as appear to the Directors to be justified by the profits of the Company
V. A transfer of shares shall not pass the right to any dividend declared thereon after such transfer and before the registration of the transfer.
VI. There is no limitation on the payment of dividends to the common stockholders.

e) Other Rights of Shareholders

The shareholders shall have the right to receive all periodical reports and statements, audited as well as unaudited, published by the Company from time to time. The Directors shall present the financial statements as required under the Law and International Accounting Standards. Financial Statements will be prepared in accordance with International Accounting Standards, consistently applied throughout the subsequent periods and presented with the objective of providing maximum disclosures as per law and International Accounting Standard to the shareholders regarding the Financial and Operational position of the Company.

In case of any declaration of stock dividend through issue of Bonus Shares, all shareholders shall be entitled to it in proportion to their shareholdings on the date of book closure for the purpose.

The shareholders holding not less than 10% of the issued/fully paid up capital of the Company shall have the right to requisition Extra-Ordinary General Meeting (EGM) of the Company as provided under Section 84 of the Companies Act, 1994.

DEBT SECURITIES

The Company did not issue any debt securities and has no plan to issue debt securities within six months.

CAPITAL STRUCTURE

PARTICULARS	**Amount in Taka**
Authorized Capital 2,00,00,000 Ordinary Shares of Tk. 100 each.	**2,00,00,00,000**
1. Issued, Subscribed & Fully Paid Up	
40,00,000 Ordinary Shares of Tk. 100 each have been subscribed and paid in full.	40,00,00,000
Bonus issue of 7,00,000 ordinary shares has been allotted on 22.04.2008.	7,00,00,000
2. Initial Public Offering (IPO): Issue of 5,00,000 Ordinary Shares of Tk. 100 each	5,00,00,000
Total Paid Up Capital after IPO (1+2)	**52,00,00,000**

LOCK-IN PROVISION

All issued shares of the issuer at the time of according consent to public offering shall be subject to a lock-in period of three years from the date of issuance of prospectus or commercial operation, whichever comes later:

Provided that the persons, other than directors and those who hold 5% or more, who have subscribed to the shares of the Company within immediately preceding two years of according consent, shall be subject to a lock-in period of one year from the date of issuance of prospectus or commercial operation, whichever comes later.

Sl #	Name of the Shareholders	Status	No of shares	% of total shareholding	Date of Acquisition	Date of Expiry of Lock-in
1	IFIC Bank Ltd	**Shareholders**	235,000	5.00	18/8/1998	02-09-2011
2	National Bank Ltd	**Shareholders**	250,406	5.33	18/8/1998	02-09-2011
3	United Commercial Bank Ltd	**Shareholders**	250,406	5.33	18/8/1998	02-09-2011
4	Eastland Insurance Co. Ltd	**Shareholders**	250,406	5.33	18/8/1998	02-09-2011
5	Eastern Insurance Co. Ltd	**Shareholders**	250,406	5.33	18/8/1998	02-09-2011
6	Jiban Bima Corporation	**Shareholders**	235,000	5.00	18/8/1998	02-09-2011
7	National Life Insurance Co. Ltd	**Shareholders**	250,406	5.33	18/8/1998	02-09-2011
8	Pragati Insurance Ltd	**Shareholders**	250,406	5.33	18/8/1998	02-09-2011
9	Reliance Insurance Ltd	**Shareholders**	250,406	5.33	18/8/1998	02-09-2011
10	Sadharan Bima Corporation	**Shareholders**	250,405	5.33	18/8/1998	02-09-2011
11	Bangladesh Lamps Ltd.	**Shareholders**	250,405	5.33	18/8/1998	02-09-2011
12	Borak Travels (Pvt.) Ltd	**Shareholders**	250,405	5.33	18/8/1998	02-09-2011
13	HRC Bangladesh Ltd	**Shareholders**	250,405	5.33	18/8/1998	02-09-2011
14	Shaw Wallace Bangladesh Ltd	**Shareholders**	235,000	5.00	18/8/1998	02-09-2011
15	Square Pharmaceuticals Ltd	**Shareholders**	245,526	5.22	18/8/1998	02-09-2011
16	Summit Industrial & Mercantile Corporation Ltd.	**Shareholders**	250,405	5.33	23/7/2006	02-09-2011
17	Unicorn Equities Ltd	**Shareholders**	250,405	5.33	17/12/1998	02-09-2011
18	Dr. Jamshed S A Choudhury	**Shareholders**	45,068	0.96	4/2/1999	02-09-2011
19	Mr. A B M Rab Howlader	**Shareholders**	24,554	0.52	4/2/1999	02-09-2011
20	Mr. Fazlur Rahman	**Shareholders**	11,750	0.25	4/2/1999	02-09-2011
21	Mr. S H Hazra	**Shareholders**	23,500	0.50	4/2/1999	02-09-2011
22	Mr. A H M Shaukat Husain	**Shareholders**	11,750	0.25	4/2/1999	02-09-2011
23	Mr. M Zahirul Islam	**Shareholders**	11,750	0.25	4/2/1999	02-09-2011
24	Mr. T I M Nurun Nabi	**Shareholders**	23,500	0.50	4/2/1999	02-09-2011
25	Mr. A K M Fazlur Rahman	**Shareholders**	11,750	0.25	4/2/1999	02-09-2011
26	Mr. M Rukn Uddin	**Shareholders**	11,750	0.25	4/2/1999	02-09-2011
27	Mr. A.K.M Fazlul Huq	**Shareholders**	11,750	0.25	4/2/1999	02-09-2011
28	Mr. Mamoon Rahman	**Shareholders**	24,554	0.52	4/2/1999	02-09-2011
29	Mrs. Hamida Yousuf Zoha	**Shareholders**	35,250	0.75	21/7/2004	02-09-2011
30	Mr. Manik Meah	**Shareholders**	11,750	0.25	4/2/1999	02-09-2011
31	Mrs. Jhahanara Imam	**Shareholders**	11,750	0.25	4/2/1999	02-09-2011
32	Dr. Saidur Rahman Lasker	**Shareholders**	12,276	0.26	4/2/1999	02-09-2011
33	Mrs. Forida Chowdhury	**Shareholders**	23,500	0.50	4/2/1999	02-09-2011
34	Mr. A. A. Khan	**Shareholders**	11,750	0.25	4/2/1999	02-09-2011

35	Mr. M. A. Matin	**Shareholders**	23,500	0.50	4/2/1999	02-09-2011
36	Mrs. Syeda Sohela Uddin	**Shareholders**	11,750	0.25	4/2/1999	02-09-2011
37	Mr. Syed Ali Jowher Rizvi	**Director**	141,000	3.00	4/2/1999	02-09-2011
	Total		**47,00,000**	**100**		

REFUND OF SUBSCRIPTION MONEY

In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue as mentioned below, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

Dutch Bangla Bank Limited, Investment Corporation of Bangladesh (ICB), National Bank Limited, Southeast Bank Limited, United Commercial Bank Limited.

Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or, Chittagong, as the case may be. For this purpose the number of the bank account along with name of bank and branch shall be indicated in the securities application form.

SUBSCRIPTION BY AND REFUND TO NON-RESIDENT BANGLADESHI (NRB)

1. A Non-Resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only".
2. The value of securities applied for by such person may be paid in Taka or US dollar or UK pound sterling or EURO at the rate of exchange mentioned in the securities application form.
3. Refund against over subscription shall be made in the currency in which the value of securities was paid for by the applicant through Account Payee bank cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form. If the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

AVAILIBILITY OF SECURITIES

a) 50,000 Ordinary Shares of Tk. 100 each are hereby offered to Non-Resident Bangladeshi (NRB) for subscription in cash in full on application.	Tk. 50,00,000
b) 50,000 Ordinary Shares of Tk. 100 each shall be reserved for Mutual Funds and collective investment schemes registered with the Commission.	Tk. 50,00,000
c) 4,00,000 Ordinary Shares of Tk. 100 each are hereby offered to the general public for subscription in cash in full on application.	Tk. 4,00,00,000
Total	**Tk. 5,00,00,000**

1) 10% of total public offering shall be reserved for non-resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the Commission, and the remaining 80% shall be open for subscription by the general public.

2) All securities as stated in sub-rule (1) shall be offered for subscription and subsequent allotment by the issuer, subject to any restriction which may be imposed, from time to time, by the Securities and Exchange Commission.

3) In case of over subscription under any of the categories mentioned in sub-rule (1), the issue manager shall conduct an open lottery of all the applications received under each category separately in accordance with the letter of consent issued by the Securities and Exchange Commission.

4) In case of under subscription under any of the 10% categories mentioned in sub-rule (1), the un-subscribed portion shall be added to the general public category and, if after such addition, there is over-subscription in the general public category, the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.

5) In case of under subscription of the public offering, the un-subscribed portion of securities shall be taken up by the underwriters.

6) The lottery as stated in sub-rule (3) and (4) shall be conducted in presence of representatives from the issuer, the stock exchanges, and the applicants if there be any.

ISSUE MANAGER

The Company has appointed Equity Partners Limited as the issue manager who is registered by the Securities and Exchange Commission for the purpose of making the public offering.

UNDERWRITING OF SHARES

1) As per the Securities and Exchange Commission's guideline, 50% of the Public Offer of 5,00,000 ordinary shares of Tk. 100.00/- each i.e. 2,50,000 ordinary shares for Tk. 2,50,00,000/- will be underwritten by the Underwriters of the Initial Public Offering of National Housing Finance And Investments Limited.

The issuer has appointed the following underwriters for this purpose:

NAME OF UNDERWRITERS AND ADDRESS	SHARES	AMOUNT (TK.)
National Bank Limited (18, Dilkusha C/A. Dhaka-1000)	50,000	50,00,000
Pragati Insurance Limited (20-21 Kawran Bazar C/A, Dhaka 1215)	50,000	50,00,000
National Life Insurance Co. Limited (79, Motijheel C.A., Dhaka-1000)	50,000	50,00,000
United Commercial Bank Limited (60, Motijheel C/A, Dhaka-1000)	50,000	50,00,000
Sadharan Bima Corporation (33, Dilkusha C/A, Dhaka-1000)	50,000	50,00,000
Total	**2,50,000**	**2,50,00,000**

2) The issuer, in the event of under subscription, shall send notice to the underwriters within 10 (ten) days of closure of subscription calling upon them to subscribe the securities and pay for them in cash in full within 15 (fifteen) days of the date of said notice and the said amount shall be credited into securities subscription account within the said period.

3) The underwriting agreement shall contain a condition to the effect as mentioned in sub-rule 2.

4) The issuer shall within 7 (seven) days of the expiry of the aforesaid 15 (fifteen) days period, send to the Securities and Exchange Commission proof of subscription and deposit of the money by the Underwriters.

APPLICATION FOR SUBSCRIPTION

1. Application for shares shall be made for a minimum lot for 50 Ordinary Shares to the value of Tk. 5,000/- and should be made on the Company's Printed Application forms. Application Forms and Prospectus may be obtained from the Registered Office of the Company, members of the Dhaka Stock Exchange Ltd. And/ or Chittagong Stock Exchange Limited or from the bankers to the Issue. In case adequate forms are not available, applicants may use photocopied / cyclostyled / hand written/typed copies of the forms. Applications must not be for less than 50 shares. Any application not meeting this criterion will not be considered for allotment purpose.

2. Joint application form for more than two persons will not be accepted. In the case of joint application each party must sign the application form.

3. Application must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies must be accompanied by Memorandum and Articles of Association.

4. An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case, an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition whole or part of application money may be forfeited by the commission.

5. Bangladeshi Nationals (including non-resident Bangladeshi Nationals working abroad) and Foreign Nationals shall be entitled to apply for shares.

6. Payment for subscription by investors other than Non-Resident Bangladeshi may be made to the said branches/office of the banks mentioned below in Cash/Cheque/Pay Order/Bank Draft. The Cheque/Pay Order/Bank Draft shall be made payable to the bank to which it is sent and be marked **"National Housing Finance And Investments Limited."** And shall bear the crossing "A/C Payee Only" and must be drawn on a bank in the same town of the bank to which application form is deposited.

7. All completed application forms, together with remittances for the full amount payable on application, shall be lodged by investors other than non-resident Bangladeshis with any of the branches of the Bankers' to the Issue.

8. A Non-Resident Bangladeshi (NRB) shall apply against the IPO either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee (including a Bank or a Company) by paying out of foreign currency deposit account maintained in Bangladesh, for the value of securities applied for. The value of securities applied for may be paid in Taka, US Dollar or Euro or UK Pound Sterling at the Spot Buying (TT Clean) rate of exchange prevailing on the date of opening of subscription. Refund against over-subscription of shares shall be made in the currency in which the value of shares applied for was paid by the applicant. Share Application Form against the quota for NRB shall be sent by the applicant directly along with a draft or cheque to National Housing Finance and Investments Limited at its registered office. Copies of application Form and Prospectus shall be available with Bangladesh Embassy/High Commission in USA, UK, Saudi Arabia, U.A.E., Qatar, Kuwait, Oman, Bahrain, Malaysia and South Korea and web site of the SEC, Issuer Company, issue manager, DSE and CSE.

9. The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.

10. The IPO subscription money collected from investors (other than Non-resident Bangladeshis) by the Bankers' to the Issue will be remitted to the Company's STD A/C No: 13100000532 with Southeast Bank Limited, Corporate Branch for this purpose.

11. The subscription money collected from Non-resident Bangladeshis in US Dollar or UK Pound Sterling or EURO shall be deposited to the following FC accounts:

FC Account no.	Bank and Branch	Currency
15100001708	Southeast Bank Limited, Corporate Branch	US Dollar
15100001714	Southeast Bank Limited, Corporate Branch	UK Pound
15100001720	Southeast Bank Limited, Corporate Branch	Euro

In the case of oversubscription of securities to the NRB applicants, refund shall be made by National Housing Finance and Investments Limited out of the "FC Accounts for IPO". National Housing Finance and Investments Limited has already opened the aforesaid FC Accounts and shall close these FC Accounts after refund of oversubscription if any.

APPLICATIONS NOT IN CONFORMITY WITH THE ABOVE REQUIREMENTS AND THE INSTRUCTIONS PRINTED ON THE APPLICATION FORM ARE LIABLE TO BE REJECTED.

MISCELLANEOUS

AUDITOR	M. J. Abedin & Co. (Chartered Accountants) National Plaza (6th floor), 109 Bir Uttam C.R. Datta Road, Dhaka-1205
LEGAL ADVISOR	Lee, Khan & Partners Suite No: 5/8 City Heart (4th floor), 67 Naya Paltan, Dhaka
ISSUE MANAGER	Equity Partners Limited Suite No: 1003, DSE Annex Building (9th Floor), 9/E Motijheel C. A., Dhaka 1000

MATERIAL CONTRACTS

The following are the material contracts in the ordinary course of business, which have been entered into by the Company with regard to the Public Issue:

1. Underwriting Agreements between the Company and the Underwriters.

2. Issue Management Agreement between the Company and Equity Partners Limited, Manager to the Issue.

3. Contract between the Company and Central Depository Bangladesh Limited (CDBL).

4. Copies of the aforementioned contracts and documents and a copy of Memorandum and Articles of Association of the Company and the Consent Order from the Securities and Exchange Commission may be inspected on any working day during office hours at the Company's Registered Office.

CREDIT RATING REPORT
ON
National Housing Finance And Investments Limited

REPORT: RR/182 /08

CRISL's long-term rating is valid for only one year and short term rating is for six months. After expiry of the above period these ratings will not carry any validity unless the client goes for rating surveillance.

Address *Nakshi Homes (4th Floor), 6/1A, Segunbagicha, Dhaka-1000 Tel: 7173700-1 Fax: 9565783 Email: crisl@bdonline.com*

	Long Term	Short Term
Entity Rating (Based on FY 2007)	A-	ST -3
Previous Rating (Based on FY 2006)	A-	ST -3
Date of Rating	April 27, 2008	

Analysts: *Sk.Lutful Kabir K. Aminul Islam Zobayer Zahid*

Entity Rating: Long Term: A- Short Term: ST-3

PRINCIPAL ACTIVITY
Housing Finance

INCORPORATED ON
18th August 1998

BOARD CHAIRMAN
Mr. M. Haider Chowdhury

MANAGING DIRECTOR
Mr. Md. Abdur Rob

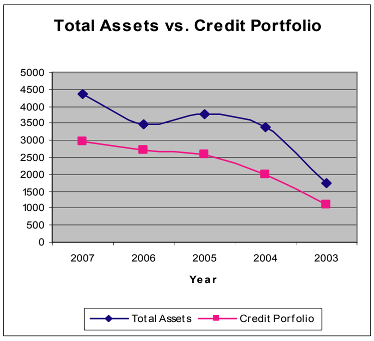
EQUITY
TK. 620.29 Million

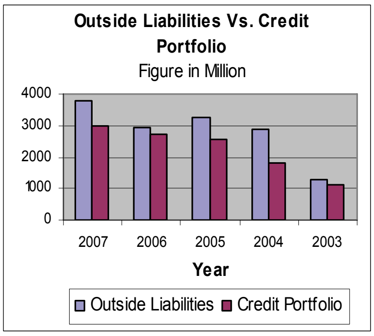
Total Asset
Tk.4384.68Million

1.0 RATIONALE

CRISL reaffirms the long term rating to A- (pronounced as single "A" minus) and the short term rating to ST–3 to National Housing Finance And Investments Limited (hereinafter referred as "NHFIL"). The above ratings have been done on the basis of its good fundamentals such as outstanding shareholding pattern, good asset quality, sound capital adequacy, good provisioning policy and moderate profitability. However, the above rating is moderated, to some extent, by inadequate internal control system, balance sheet gap, traditional risk management practices etc. CRISL also considered that comfort being created by increasing trend of the value of Real Estate assets fully mortgaged with the company.

Financial Institutions rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a financial institution with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories. The short term rating indicates good certainty of timely payment. Liquidity factors and company fundamentals are sound.

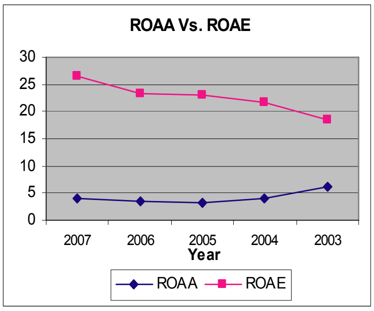




2.0 CORPORATE PROFILE

2.1 The Genesis

National Housing Finance And Investments Limited (hereinafter referred as "NHFIL") is one of the leading specialized house financing company ("HFC having contribution toward private sector housing business in the last one decade. Initially it concentrated its operation towards home mortgage loan and later it extended its product line towards both lease and term financing. The principal activities include financing for acquisition, construction, development and purchase of houses, plots, apartments, commercial spaces etc.



The company was incorporated on 18th August, 1998 as a public limited company under the companies Act, 1994 with the vision to be a role-model financial institution. The company received license from Bangladesh Bank on 19th December, 1998 to work as a housing finance company (HFC) and presently operating

2.2 Ownership Pattern

with an Authorized Capital of TK. 2,000 million and Paid – up Capital of Tk. 400 million. It is an initiative of twenty different local and foreign institutions. With the business expansion, it already opened three branches – two in Dhaka and one in Chittagong along with its corporate Head Office at Bir Uttam C.R Datta Road, Dhaka. The organization received ICMAB Best Corporate Award under Financial Institution sector as one of the best financial sector corporate.

2.2 Ownership Pattern

Outstanding shareholding pattern

The shareholding pattern comprises of eighteen institutional shareholders (cumulative holding 89.60%) and two overseas investors forum (cumulative holding 10.44%) which is considered to be unique. Among the institutional shareholders, three banks hold 15.56%, seven insurance companies hold 36.68%, eight renowned corporate bodies hold 37.36% of total shareholding. In the ownership pattern, participation of two government financial bodies namely Jiban Bima Corporation and Sadharan Bima Corporation gave the institution a solid foundation of confidence.. Among the other noteworthy shareholders, National Bank, IFIC Bank, UCCBL, National Life Insurance, Pragati Insurance, Reliance Insurance, Eastland Insurance, Square Pharmaceuticals Ltd. are mentionable.

2.3 Product and Services

NHFIL, as the name implied it as a specialized house financing company, offers mainly mortgage loan. It also recently expanded its product line to Lease finance and term finance to reap the business opportunity. In order to finance the above the company has introduced attractive deposit scheme such as Term Deposit Account (FDR), Double Money Account, Income Account and Millionaire Savings Account.

2.4 Market Position

Limited market share

NHFIL hold small market share of 2.21% on the basis of outstanding credit portfolio of all FIs as on 31st December 2007. Again, it held only 1.80% market share on the basis of outstanding housing finance portfolio of all the banks & FIs as on 30th June 2007. Due to recent political turmoil, the growth in the housing finance was seriously jeopardized. In view of the above, the growth in credit portfolio of NHFIL was 10.27% in FY2007 against the growth of 20.11% in credit portfolio of the financial institutions. CRISL believes that the company may lose its market share if the growth is less than the current market growth.

Figure in Million Tk.

Market Position	2007	2006	2005
Outstanding Credit Portfolio of NHFIL	2,974.97	2,697.70	2,567.54
Outstanding Credit Portfolio of FIs	134,650.00	112,104.00	86,111.00
Market Share (%)	2.21	2.41	2.98
Portfolio Growth of NHFIL (%)	10.27	5.06	43.38
Industry Growth (%)	20.11	30.18	

3.0 INDUSTRY OUTLOOK

Promising industry

Housing and housing finance sector is a powerful engine of economic growth having a multiplier impact in the form of backward linkage with construction and building material industries i.e. cement, steel, ceramic, sanitary-wares, paints, PVC pipes, etc. Having a long history of remaining long years as a developed economy, the economy of the USA is still dependent on this sector to a great extent for its overall development. The housing sector of Bangladesh has been experiencing huge growth during the last few years in Bangladesh. However, the housing finance market is so far concentrated mainly in Dhaka, having share of 80% to 90% of total house financing. With the increase in population in the metropolis of Dhaka and Chittagong, many real estate companies came into existence and are operating successfully. Total housing loans from banks and financial institutions as of end June 2007 amounted to Taka 124.6 billion, which was 7.3 percent of total credit to the private sector.

CREDIT RATING REPORT
ON
National Housing Finance And Investments Limited

The state owned House Building Finance Corporation (HBFC) has the largest share of Taka 25.20 billion in outstanding housing loans as of end June 2007. The NCBs and private sector banks with ample deposit resources have been expanding their housing loan portfolios, and now have dominant market position with the largest share of Taka 86.1 billion in outstanding housing loans as of end June 2007. Two private sector specialized housing finance providers are also slowly gaining ground; they fund their operations with long term deposits including some contractual deposit schemes. These companies are using fund from commercial banks and repaying them through sell of finished flats to the clients. Again, the clients are availing long term loan facilities from banks and FIs thus creating a multiplier impact on the economy. In view of population boom in the metropolis, there is a huge demand for finance in the market. But investment in house financing is a long-term investment. In most of the cases, the ownership of the building passes to the new generation under the law of inheritance thus creating problem of realization under the present legal framework of the country. In addition, there is also paucity of fund in the market for long term finance which is ultimately hindering the growth of the market. Withdrawal of Tax incentives on Zero coupon bond and imposition of income tax on private deposits, FIs, have further aggravated the situation. In view of the above, the lending rate is quite high ranging from 15% to 18% (average 16%). REHAB, an association for real estate and housing related companies, started its activities in the year 1991 with only 11 members, however, this number increased to 283 members. According to REHAB, the annual turnover of real estate sector is more than Tk. 75.00 billion, which is around 10% of GDP of the country. This sector provides more than 1.50 million employments. With the objective of providing housing facility to the people at all level of the society, the Government of Bangladesh formulated the National Housing Policy-1993. But House financing remained concentrated within the single government owned Bangladesh House Building Financing Corporation (BHBFC). The operation of BHBFC was also remained concentrated with the metropolis only; thereby large part of the country market remained untapped. In recent years the loan disbursement of BHBFC was suspended due to experience of huge non-performing loans in the portfolio and shortage of fund from the government. In order to tap the advantage of this vacuum, private sector participation in financing this sector came up and NHFIL is such an initiative. At present, private sector banks and FIs are providing housing loan to this sector. Among these institutions two private sector housing finance companies and one leasing company hold major portion of annual housing finance loan disbursement. The available data shows 23.49% rise in the volume of housing loans disbursed by the financial institutions during the financial year 2006-07 due to significant boost to the growth in real estate sector. with an Authorized Capital of TK. 2,000 million and Paid – up Capital of Tk. 400 million. It is an initiative of twenty different local and foreign institutions. With the business expansion, it already opened three branches – two in Dhaka and one in Chittagong along with its corporate Head Office at Bir Uttam C.R Datta Road, Dhaka. The organization received ICMAB Best Corporate Award under Financial Institution sector as one of the best financial sector corporate.

4.0 CORPORATE GOVERNANCE

4.1 Board of Directors

High exposures in financial sector

The company has sound Board of 10 representative directors having high exposures as top officials in the different financial institutions and corporate bodies. Mr. M. Haider Chowdhury is the Chairman of the Board, who is the representative of National Life Insurance Company Ltd. Mr. Chowdhury is a veteran banker and has significant contribution in financial sector development. The Board deals with policy issues and delegated required business, administrative and financial power to each level of management for smooth operation. The board conducted 10 and 8 meetings during FY2007 and FY 2006 respectively and the participation of the Directors was good.

4.2 Board Committees

Required delegation of power

The Board has constituted two Board committees namely Executive Committee (EC) and Selection Committee (SC). EC consists of 07 Board Members out of the ten Board members while SC consists of five Board members. CRISL views that the above Board Committees with almost the major member distort the purpose of formation. Both the committees are headed by the Chairman of the Board Mr. M. Haider Chowdhury. In an ideal situation, the Board Chairman and the Chairman of EC should not be the same person for the sake of transparency and onward reporting. The Board has outlined responsibilities of the EC regarding interest rate fixation, loan sectioning limit, rescheduling and write–off limit and other expenditure limit which seems to be adequate. The EC held 12 meetings during FY

2007 and 8 meetings during FY 2006.

SC deals with different HR related polices like recruitment, promotion, disciplinary action, suspension, etc of different tier executives. The Selection Committee is divided into two parts viz. Higher Selection committee to select Managing Director and Selection Committee to deal HR related functions of all executives. The Board placed extra importance on HR selection and retention to build a specialized organization. Normally Board appoints the top management while the top, mid and junior management recruitments are looked after by the top management. The Board is yet to form any Board Audit Committee to oversee the risks being arisen from overall operation of the company.

4.3 Management

Good management team

The company has a good management team headed by Mr. Md. Abdur Rob as its Managing Director. Mr. Rob started his career in the then State Bank of Pakistan in 1970. Prior to joining NHFIL, he was Deputy Managing Director of a private commercial bank. The core management team is comprised of one Vice President, one Assistant Vice President and two First Assistant Vice Presidents. For effective operational purpose, the board has formed a Management Committee (MC) headed by the Managing Director, which enjoys adequate financing power. MC looks after the day-to-day operational activities of the company. The branch operation is controlled by respective departments of Head Office instead of setting separate branch control department.

4.4 Human Resources Management

No human resource development plan

The company has formulated a structured personnel manual covering different aspects of HR practices and offers congenial working atmosphere for its human resources. The total Staff strength of the company stood at 55 as on 31 December 2007. The company recruited experienced and fresh manpower at all levels but there is still lack of experienced human resources in top tier. The company lost 06 employees from during 2007. Without having any HR development program, employees are generally placed with on-the-job training. During the last three years, few executives attended different local and foreign training programs. The company is in the process of introducing performance evaluation system for better succession plan. The company, at present, does not have any Deputy Managing Director to have a visible succession plan.

5.0 MANAGEMENT INFORMATION SYSTEM

Automated information system

The company is at the final stage of implementing the automated information system. The software includes different operational areas including Loan Module, Operational Module, Deposit Module, Loan Recovery Module, Marketing Module and Credit Information Management. Accounting system is in the process of automation. The branch operation is expected to be connected with wide area network shortly. The company implemented server based data back-up system; however, disaster management system such as data storage facility outside the office premises is yet to to be implemented.

6.0 RISK MANAGEMENT

Traditional credit risk management

Risk management has become a part and parcel of financial institution management. NHFIL, being a financial institution has the potential of having all risks such as Credit Risk, market risk and operational risk as specified in Basel-II Documentation. The major risk related observations of CRISL are narrated below:

6.1 Credit Risk management

6.1.1 Credit Approval Process

No separation of

The company follows the traditional methods of credit appraisal although the central bank has advised the financial institutions to follow a system based approach and separate the marketing function from the back end appraisal. Operation Department deals all credit

credit functions

related functions. Each relationship officer is assigned with credit marketing, credit appraisal function of the respective client and also reviews client profile through a team approach. The credit review team follows a series of steps from the receipt of loan application to final approval and ultimately get it approved or rejected by the Management Committee and Executive Committee.

The loan proposals with credit memo and necessary documents are submitted to the Managing Director. The Management Committee reviews all loan proposals. The MC is authorized to approve loan proposal up to Tk. 20 lac; if the amount exceeds the above limit it goes to the Executive Committee which has the sanctioning limit up to Tk. 50 lac. Loan proposals exceeding the above amount needs the approval of the Board. After approval from the respective authority, sanction letters are issued to the clients followed by necessary documentations. All credit applications are analyzed against a document checklist by the legal department. The credit officer then issues a disbursement note after ensuring that all the terms and conditions of the fund sanction and security documentation are complied with. Each rescheduling case is placed to the Executive Committee and Board for information.

6.1.2 Credit Appraisal and Documentation

Different credit related function like credit marketing, credit appraisal and loandocumentation are not separated which creates inherent risk in any financial institution.Recently the company formed a Legal Department to ensure the loan documentationfunctions. Without having any documented credit manual, the operation department has torely on different directions from the top management from time to time. As housing financedoes not bear any group exposure, the company follows general guidelines for single clientexposure upto 70% of the cost or Tk. 30 lac, whichever is less for self construction orapartment purchase. On the other hand, highest exposure in commercial loan is allowedupto 50% of the cost or Tk. 50 lac, whichever is less. Due to recent move towards leasefinancing and term financing, the company is yet to set different credit exposures caps. TheBoard can approve any credit line up to 30% of NHFIL's equity. Lease/loan proposalexceeding 30% of equity being considered as 'large loan' requires Bangladesh Bankapproval.

6.1.3 Conservative Provisioning Policy

Conservative provisioning policy

The conservative provisioning policy of NHFIL, compared to the set guideline by Bangladesh Bank creates more comfort towards loan loss. In case of mortgage loan the company considers loan up-to 6 monthly installments overdue as unclassified against Bangladesh Bank allows up to 9 monthly installments overdue as unclassified, The Company considers overdue of 7 to 12 installments for both home and project mortgage loan as substandard loan while an overdue from 13 to 24 installments for home mortgage and from 13 to 18 installments for project mortgage loan as Doubtful loan. any overdue for 25 or above installments for home mortgage and 19 or above installments for project loan are considered to be bad loans. In case of lease financing the company follows Bangladesh bank provisioning guideline. The company maintains higher provision over the Bangladesh bank requirement.

6.2 Operational Risk Management

Unstructured operational risk management

The operational risk arises in any financial institution from risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Modern Financial management practices suggestthat risks other than investment, interest rate and market risk can be substantial, which can be folded under the head Operational Risk.

The internal control system of NHFIL is yet to be formalized. Legal department with only one legal officer ensures the loan documentation aspects. However, the above operation is concentrated at its Head Office. Treasury related activities of the company have also been moving without any documented policy guidelines. The Board has recommended to set different caps in different treasury related functions including money market and capital market operation. The treasury functions are expanding without establishing any control tool. Under the above backdrop, the operational activities of the company may be substantial if not taken care of at this stage

6.3 Interest Spread Management

Lower access to low cost fund

Financial market of Bangladesh has been experiencing volatile interest rate in recent years. Recently interest rate has been moving sharply upwards. Therefore, interest rate adjustment capability of the company plays a vital role in minimizing the interest rate risk. Financial Institution like NHFIL has high dependency on the credit line provided by the commercial banks. The company's recent move toward saving mobilization reduces the single source dependency. Due to limited access to low cost funding, NHFIL enjoys limited flexibility to reduce the interest rate spread. As a Housing finance company, it is yet to reap the opportunity to raise fund through bond or securitization. The company recently planned to raise fund through issuing Zero Coupon Bond subject to regulatory approval, which will ultimately increase its financial flexibility and also increase the interest income spread.

6.4 Balance Sheet Gap Management

Significant balance sheet gap

NHFIL are exposed to several major risks arises from asset-liability maturity gap. BalanceSheet gap management for the Housing Finance Companies in Bangladesh is morechallenging since there are limited sources of long term funding. HFCs depends on mainlythe term loan facilities (2-5 years) of commercials banks along with customer deposits for financing in home mortgage loan of long tenure up-to 25 years. In view of the above, theasset liability maturity analysis reveals short term cumulative negative liquidity gap is upto30.19% of the total assets although the above negative gap is estimated to be reduced inthe long term.. The above indicates short term liquidity crisis. Therefore the company needsprudent policy to resolve the above. CRISL views that the company's recent approachtowards long term financing sources through bond issue and deposit mobilization will reducethe risk in future. NHFIL has been operating housing finance activities without having anyspecific treasury management committee to structure asset-liability matching practices;.

Maturity Bucket	Assets	Liabilities	Net Liquidity Gap	Cumulative Liquidity Gap	Cumulative Gap as % of Total Assets
Upto 1 Month	107.28	267.31	(160.03)	(160.03)	(3.58)
1-3 Months	87.64	137.96	(50.32)	(210.35)	(4.71)
3-12 Months	1,685.93	2,823.58	(1,137.65)	(1,348.00)	(30.19)
1-5 years	1,385.41	592.00	793.41	(554.59)	(12.42)
Above 5 years	1,198.58	22.84	1,175.74	621.15	13.91

7.0 PERFORMANCE

Moderate Financial Performance

7.1 Financial performance

The financial performance of the company is moderate. The Net profit-before tax of the company improved in FY 2007 compared to FY 2006 (i.e. Tk 153.86 Million compared to Tk 120.97 Million), an increase of 27.18%. However, net profit-after tax of the company declined in FY 2007 due to charging its previous year's short tax provision of Tk. 67.93 million in the current year. The above tax provision arises due to disallowance of depreciation on leased assets as according to the finance ordinance 2007; and currently an extra tax of the above amount has been accounted for. The company reported profit after tax of TK. 74.35 million in FY 2007 compared to Tk. 87.96 million in FY 2006 indicating a decline of 15.47% over the year. The Earning per Share (EPS) of the company stood at Tk 18.59 per share of Tk 100 in FY 2007 compared to Tk. 21.99 in FY 2006.

The company earned total operational revenue of Tk. 566.46 million in FY 2007 compared to Tk. 480.64 million in FY 2006 indicating 17.86% growth. The income composition of NHFIL reveals that 53.55% revenue from mortgage loan, 20.69% revenue from lease financing, 7.01% revenue from term financing, 14.49% revenue from deposit in other banks. It reveals that contribution of each income component increased over the last year. It is notable here that the company earned much income through institutional deposit (like countervailing financing), which is considered to be unstable source of income.

7.2 Profitability

ROAA 3.93%
ROAE 26.39%

The profitability indicators of NHFIL are in improving trend over the years. CRISL analyses the profitability on the basis of Return on Average Assets (ROAA) and Return on Average Equity (ROAE). The ROAA of the company has improved in FY 2007 and stood at 3.93% in FY 2007 compared to 3.35% in FY 2006 and ROAA before tax was better than its peer median. Return on Average Equity (ROAE) before tax also improved in FY 2007 compared to FY 2006. ROAE before tax stood at 26.39% in FY 2007 against 23.18% in FY 2006. However this improved scenario gives a different picture when tax provision has been adjusted. ROAA after tax declined to 1.90% in FY 2007 compared to 2.44% in FY 2006. ROAE after tax stood at 12.75% in FY 2007 against 16.85% in FY 2006.

Operating profit margin improved to 29.08% in FY 2007 from 26.64% in FY 2006. However, net profit margin indicates decline by 13.13% in FY 2007 against 18.30% in FY 2006. Net Interest Income Margin remains same over year and stood at 3.07% in FY 2007. Non interest income margin improved substantially to 4.26% in FY 2007 from 0.86% in FY 2006.

7.3 Operating Efficiency

Moderate efficiency

The efficiency related indicators of the company improved in FY 2007 over its previous year. It reveals from 17.86% growth in operation revenue in FY 2007 against 13.60% growth in operational expenses in FY 2007 over its preceding year. The cost efficiency ratio (i.e. operating expense to operating revenue) declined to 70.69% in FY 2007 against 73.35% in FY 2006 and the above ratio was in line with the peer median.

8.0 ASSET MANAGEMENT

Housing loan backed by high valued mortgagedassets

The total asset base of the company stood at Tk. 4,384.68 million as on 31st Dec 2007 against Tk. 3,453.61 million at YE 31st December 2006 indicating an increase of 26.96% over the previous year. The total asset base of NHFIL consisted of fixed assets of Tk. 31.68 million (0.72% of total asset), home mortgage loan of TK. 1,750.36 million (39.92% of total asset), lease assets of Tk. 703.43 million (16.04% of total asset), direct finance of Tk. 70.20 million (1.60% of total asset), cash and cash equivalent of TK. 1,233.11 million (28.12% of total asset) and other assets of Tk. 595.90 million (13.59% of total asset). The housing loan is secured by the mortgaged assets, which is comparatively higher in value at the present market price.

8.1 Quality of Credit Portfolio

	NHFIL		
Asset Quality (%)	**2007**	**2006**	**2005**
Asset Infection (any overdue) ratio (%)	40.44	24.57	
Gross NPL (%)	3.85	4.06	3.01
Net NPL (%)		2.23	1.29

	1.60		
Gross NPL Coverage (%)	79.59	65.90	88.56
Specific NPL Coverage (%)	52.52	41.74	53.11

Good asset quality

NHFIL is operating with good asset quality. According to FICL statement submitted to Bangladesh Bank as on 31st December 2007, the outstanding credit portfolio was Tk 3,051.81 million consisting of unclassified loan amount of Tk. 2,934.19 million and classified loan of Tk. 117.62 million.

The gross NPL ratio stood at 3.85% which was 4.06% as on 31st Dec 2006. After considering the specific provision & interest suspense against the non performing loan (NPL), the net NPL ratio stood at 1.60% as on 31st December 2007 against 2.23% as on 31st December 2006. The gross NPL coverage ratio (i.e gross provision against the NPL) increased to 79.59% as on 31st Dec 2007 from 65.90% as on 31st Dec 2006. Again, the specific NPL coverage ratio (i.e. specific provision against the NPL) improved to 52.52% as on 31st December 2007 against 41.74% as on 31st December 2006. The asset infection ratio of the company (considering one overdue and above) increased at 40.44% as on 31st Dec 2007 against 24.57% in 2006.

There were three rescheduling agreements during the financial period of 2007 amounting Tk. 370.00 million. The recovery after rescheduling is Tk. 0.15 million representing 4.05% of total rescheduled amount.

The related party transaction of the company showed the outstanding amount of Tk.10.64 million as on 31st December, 2007 with four accounts against Tk 2.12 million as on 31st December 2006. NHFIL has adequate provision against its required provision and the company has been conservative in terms keeping provision. It provided Tk 80.17 million and Tk 69.32 million against required provision of Tk 73.60 million and Tk. 49.72 million in FY 2007 and FY 2006 respectively

8.2 Quality of Investment Portfolio

The Investment portfolio in different quoted and un-quoted securities of the company stood at Tk. 61.83 million as on 31 December 2007. While comparing the market price of the portfolio with its cost price, it has been observed that the market price of the shares has decreased by Tk. 1.32 million for which the company had made provision of the same amount.

9.0 CAPITAL ADEQUACY

Good capital adequacy

NHFIL is one of the highest equity base financial institutions in the sector. Shareholders' equity of the company stood at Tk. 620.29 million as on YE 2007 including share capital of Tk. 400.00 million (inclusive stock dividend) and reserve & surplus of Tk. 150.29 million. The internal capital generation also contributed a lot toward capital build up and it was 12.75%, 16.85% and 21.03% in FY 2007, FY 2006 and FY 2005 respectively.

Though the leverage ratio increased to 6.07 times in FY 2007 against 5.33 times in FY 2006, however, the above ratio was much lower than the peer median of 10.97 times. Net Asset Value (NAV) per share of TK. 100 each increased in FY 2007 which stood at Tk. 155.07 in FY 2007 compared to Tk. 136.48 in FY 2006.

10.0 FUNDING AND LIQUIDITY

10.1 Fund Management

Significant dependency on credit line

Arranging sufficient long term sources of funding is the main challenge for NHFIL for maintaining its growth of credit portfolio. The funding sources of NHFIL are limited to term loan, revolving credit line from different commercial banks and term deposits. Due to restriction imposed by Bangladesh Bank on FIs to operate in money market, the financial flexibility of NHFIL reduced substantially. The funding composition of NHFIL consists of bank borrowing of 22.04%, deposits of 57.08%, equity of 13.89% and internal fund & others of 7.00% as on 31st December 2007. It is mentionable here that the deposit balance of Tk 2548.38 million was consisted of Tk 940.13 million under different deposit schemes and the rest Tk 1600 million is actually a countervailing financing.

Funding Composition	2007	%	2006	%	2005	%
Credit Line	983.84	22.04	1066.903	30.28	847.2608	22.15
Deposits	2,548.38	57.08	1701.105	48.29	2273.516	59.43
Equity	62 0.29	13.89	545.939	15.50	497.984	13.02
Internal Fund & others	312.33	7 .00	208.98	5.93	206.81	5.41
Total	4 ,464.84	100.00	3,522.93	100.00	3,825.57	100.00

NHFIL has been enjoying funded facility from different commercial banks with adequate financial flexibility. The amount of loan from different credit lines availed from different commercial banks stood at Tk. 819.811 million of which Tk. 561.56 million term loan and Tk. 258.25 million revolving credit lines as on 31st December 2007. The company also availed call loan facility of Tk. 110 million during 2007 against its limit of Tk 220.00 million. The sources of fund of NHFIL are average expensive compared to peer. The weighted average cost of fund was 12.46% in 2007 against 12.09% in 2006.

10.2 Liquidity Management

Tight liquidity position

The liquidity related indicators of NHFIL shows tight position. The liquidity ratio stood at 0.61 times in FY 2007 compared to 0.48 times in FY 2006. Liquid asset ratio of NHFIL increased to 29.53% in FY 2007 against 19.43% in FY 2006 due to huge investment in fixed deposits. However, most of the above deposit is countervailing financing as mentioned earlier. Loan to deposit & borrowings ratio has decreased to 84.22% in 2007 from 97.46% in 2006. Times interest earned ratio stood at 1.43 times in 2007 from 1.38 times in 2006, indicating good position of interest coverage.

11.0 SUMMARY OBSERBATION

Comforts:	Concerns:
Good Capital Adequacy	Tight Liquidity
Moderate Financial Performance	Inadequate internal control system
Good asset quality	Significant balance sheet gap
Outstanding shareholding pattern	Declining Market share
Required delegation of power	Temporary vacancy in top tier management
Sound deposit base	Traditional credit risk management
Conservative provisioning policy	

Prospects:	**Challenges:**
Congenial atmosphere for investment in lease and long term financing Investment opportunities in consumer financing Fund raising through new financial products like zero coupon bond Scope of full-fledge merchant banking operation	Non availability of long term finance Commercial banks' portfolio expansion to housing finance Increasing competition compelling reduction in rental rate Volatile interest rate

12.0 PROSPECTS

NHFIL started its operation as a specialized financial institution but later it diversified its operation in lease finance and term loan. Its performance in lease finance is prospective and the contribution of lease finance in total revenue has also been increasing. NHFIL needs to attract more individual deposit to ensure smooth deposit collection. Through Initial Public Offering (IPO), it would get positive impression among the mass people and this will also help to develop its market image and goodwill. NHFIL is also a sound equity base company, so it has huge scope to expand its business. NHFIL has been trying to mobilize funds and it has been successful to some extent. Dependency on commercial banks for fund mobilization is a barrier to free expansion of business and this dependency also puts pressure on the interest rate spread of the company. NHFIL has a plan to raise fund through bond or securitization and this arrangement will give a wider scope to NHFIL for further smooth expansion of its business and market share. Total real estate business is passing through a dull period but it will be stable again with the stability in political government and other macro- economic indicators.

End of the Report

13.0 CORPORATE INFORMATION

Date of Incorporation: 18th August 1998

Commencement of Business: 18th August 1998

Board of Directors:

Sl. No.	Name	Nominated By
1	Mr. M. Haider Chowdhury	National Life Insurance Co. Ltd.

2	Mr. AKM Rafiqul Islam	Pragati Insurance Ltd.
3	Mr. M. Shah Alam Sarwar	United Commercial Bank Ltd.
4	Mr. Md. Hanif	Jiban Bima Corporation
5	Mr. A.K.M. Iftekhar Ahmad	Eastern Insurance Co. Ltd.
6	Mr. Md. Abdur Rahman Sarker	National Bank Ltd.
7	Mr. Mirza Ejaz Ahmed	HRC Bangladesh Ltd.
8	Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.
9	Mr. Abu Zafar Humayun	Unicorn Equities Ltd.
10	Mr. Syed Ali Jowher Rizvi	Overseas Investors Forum (Zambia)

Auditor: M.J. ABEDIN & CO.
Chartered Accountants

Management:

Mr. Md. Abdur Rob	Managing Director
Mr. Kamal Pasha	Vice President
Mr. Md. Shamim Ahamed, ACA	Assistant Vice President
Mr. Shital Chandra Saha	First Assistant Vice President
Mr. Nazrul Islam	First Assistant Vice President
Mr. Altafur Rahman, LLB, LLM	Head of Legal Affairs
Mr. Uttam Kumar Saha, ACS	Company Secretary

Capital History:

Year	Authorized Capital (Million Taka)	Issued, Subscribed and Paid-up Capital (Million Taka)	Rate of Increase %	Source of Capital
2000	20 00.00	200.00	-	
2001	20 00.00	305.25	52%	Sponsor
2002	20 00.00	400.00	31%	Sponsor
2003	20 00.00	400.00	-	
2004	20 00.00	400.00	-	
2005	20 00.00	400.00	-	
2006	20 00.00	400.00	-	
2007	20 00.00	400.00*		

14.0 FINANCIALS:

A) Balance Sheet (as on 31st December)

(Figures in Million TK.)

Particulars	**2007**	**2006**	**2005**	**2004**	**2003**
Net fixed Assets	**31.68**	**11.67**	**11.37**	**11.81**	**12.02**
Fixed assets-at cost	45.70	21.72	21.35	20.11	18.61
Depreciation	14.03	10.05	9.98	8.30	6.59
Intangible Assets			**-**	**-**	**-**
Mortgage Loans:	**1,750.36**	**1,772.59**	**1,808.11**	**1,498.55**	**1,068.53**
Home mortgage loan (net of current maturity)	1,585.20	1,582.25	1,673.43	1,431.77	1,009.56

Project loan	132.01	162.75	108.25	44.88	50.23
Commercial loan	33.15	27.60	26.43	21.91	8.75
Lease assets:	**703.43**	**507.58**	**460.66**	**216.76**	**-**
Lease receivable (net of current maturity)	633.57	477.58	369.61	90.94	-
Advance against leasing assets	69.86	30.00	91.06	125.82	-
Direct Finance:	**70.20**	**100.71**	**143.10**	**-**	**-**
Provision for Doubtful Accounts:	(80.17)	(69.32)	(62.23)	(55.48)	(45.25)
Current Assets:	**1,909.18**	**1,130.38**	**1,402.34**	**1,700.31**	**718.73**
Accounts receivable and advances	163.26	142.48	114.82	160.23	60.38
Cash and Cash equivalent	1,233.11	628.77	1,131.85	1,464.64	615.03
Investment in shares	61.83	42.32	-	-	-
Current maturity of investment in lease	281.15	222.92	95.71	31.19	-
Current maturity of term finance	74.84	8.79	-	-	-
Current maturity of home mortgage loans	95.00	85 .11	59.96	44.25	43.32
Total Assets	**4,384.68**	**3,453.61**	**3,763.34**	**3,371.95**	**1,754.03**
Shareholders' Equity	**620.29**	**545.94**	**497.98**	**475.24**	**464.91**
Share capital	400.00	400.00	400.00	400.00	400.00
Reserves and Surplus	**220.29**	**145.94**	**97.98**	**75.24**	**64.91**
Long Term Liability (net of current maturity)	**614.84**	**535.35**	**344.64**	**326.21**	**238.94**
Long term loans	297.40	311.47	74.69	30.06	3.37
Lease rental deposits and advance	34.77	21.64	14.06	5.43	-
Promissory notes/TDR	269.19	202.24	255.88	290.71	235.57
Others long term liability	13.48		-	-	-
Current Liabilities and Provisions:	3,149.55	2,372.32	2,917.49	2,570.40	1,050.18
Current maturity of term loans	264.16	280.61	54.29	10.03	1.83
Current maturity of Promissory Notes/TDR	2,279.19	1,498.88	2,017.64	871.28	269.36
Short term loans	258.25	273.18	604.21	470.52	51.90
Payable and accrued expenses	118.66	85.07	118.19	79.53	22.76
Provision for taxation	113.51	54.60	23.16	79.04	49.32
Call Loan	110.00	180.00	100.00	1,060.00	655.00
Others	5.78				
Total Liabilities	**4,384.68**	**3,453.61**	**3,760.11**	**3,371.85**	**1,754.03**

B) Income Statements (For the year ended)

Fi gure in Million (Tk.)

Particulars	2007	2006	2005	2004	2003
Total Operational Revenue:	566.46	480.64	432.91	349.92	176.84
Mortgage interest income	303.33	290.44	255.80	190.28	148.88
Lease interest income	117.19	76.13	37.53	7.88	-
Income from term finance	39.71	39.45	37.09	5.50	-
Interest on Deposit	82.11	70.47	92.39	136.61	22.54
Income from sales of securities, dividend and others	19.34	0. 15	2.63	-	-

Fee Income, commission etc.	4.78	4.00	7.48	9.65	5.42
Total Operating Expense:	400.44	352.53	314.34	238.29	101.36
Salary and allowances	15.64	15.25	14.73	14.92	11.53
Depreciation of fixed assets	3.98	1.84	1.68	1.71	1.80
Other administrative expenses	12.02	12.25	11.34	14.00	9.86
Financial expenses	368.80	323.19	286.58	207.65	78.17
Other operating expenses	-	-	-	-	-
Operating Profit	166.03	128.11	118.57	111.63	75.48
Provision for bad & doubtful debt	10.85	7.09	6.75	10.23	(6.37)
Provision for Diminution in value of shares	1.32	0. 05			
Profit before tax	153.86	120.97	111.82	101.40	81.84
Provision for taxation	79.50	33.02	9.47	47.07	33.96
Profit after tax	74.35	87.96	102.35	54.32	47.88

15.0 Important Ratios

	NHFIL			**Peer Median**
Profitability Ratios	**2007**	**2006**	**2005**	**2007**
Return on average asset before tax	3.93	3.35	3.13	3.09
Return on average asset after tax	1.90	2.44	2.87	1.90
Return on average equity before tax	26.39	23.18	22.98	26.39
Return on average equity after tax	12.75	16.85	21.03	15.17

Net Profit Margin (%)	13.13	18.30	23.64	13.13
Net Interest Income Margin	3.07	3.07	1.71	4.94
Non interest income margin	4.26	0.86	2.33	4.26

	NHFIL			Peer Median
Efficiency Ratio(%)	**2007**	**2006**	**2005**	
Efficiency Ratio(%)	70.69	73.35	72.61	70.69
Cost Efficiency other than Financial Expenses	5.59	6.10	6.41	5.59
Yield Per Taka 100 Staff Cost (Tk.)	1061.67	840.12	804.77	396.00

	NHFIL			Peer Median
Capital Adequacy	**2007**	**2006**	**2005**	**2 007**
Shareholders' Equity to Total Assets (%)	14.15	15.81	13.23	14.15
Internal Capital Generation (%)	12.75	16.85	21.03	12.75
Leverage Ratio (x)	6.07	5 .33	6 .56	10.97
NAV per share of Tk 100	155.07	136.48	124.50	

	NHFIL			Peer Median
Liquidity	**2007**	**2006**	**2005**	**2007**
Liquid asset to total asset (%)	29.53	19.43	30.08	24.43
Liquidity ratio (X)	0.61	0.48	0.48	1.17
Time interest earned (X)	1.42	1.37	1.40	1.38
Loan to Assets Ratio (%)	67.85	78.11	68.22	71.43
Loan to Deposit & borrowing Ratio (%)	84.22	97.46	82.27	

CREDIT RATING REPORT
ON
National Housing Finance And Investments Limited

CRISL RATING SCALES AND DEFINITIONS
LONG-TERM - FINANCIAL INSTITUTIONS

RATING	DEFINITION
AAA Triple A (Highest Safety)	Bank/FIs rated in this category are adjudged to be of best quality, offer highest safety and have highest credit quality. Risk factors are negligible and risk free, nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of banks.
AA+, AA, AA- (Double A) (High Safety)	Bank/ FIS rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions.
A+, A, A- Single A (Adequate Safety)	Bank/FIs rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.
BBB+, BBB, BBB- Triple B (Moderate Safety)	Bank/FIs rated in this category are adjudged to offer moderate degree of safety for timely repayment of financial obligations. This level of rating indicates that a bank is under-performing in some areas. These entities are however, considered to have the capability to overcome the above-mentioned limitations with special care and cautious operation. Risk factors are more variable in periods of economic stress than those rated in the higher
BB+, BB, BB- Double B (Inadequate Safety)	Bank/FIs rated in this category are adjudged to lack of key protection factors, which results in an inadequate safety. This level of rating indicates a bank as below investment grade but deemed likely to meet obligations when due. Overall quality may move up or down frequently within this category.
B+, B, B- Single B (Risky)	Bank/FIs rated in this category are adjudged to be with high risk. Timely repayment of financial obligations is impaired by serious problems which the entity is faced with. Whilst an entity rated in this category might be currently meeting obligations in time, continuance of this would depend upon favorable economic conditions or on some degree of external support.
CCC+,CCC, CCC- Triple C (Vulnerable)	Bank/FIs rated in this category are adjudged to be with vulnerable protection factors. This rating indicates that the degree of certainty regarding timely payment of financial obligations is doubtful unless circumstances are favourable.
CC+,CC, CC- Double C (High Vulnerable)	Bank/FIs rated in this category are adjudged to be with high vulnerable position. This rating indicates that the degree of certainty regarding timely payment of financial obligations is quite lower unless overall circumstances are favourable or there is possibility of high degree external support.
C (Near to Default)	Bank/FIs rated in this category are adjudged to be with near to default in timely repayment of financial obligations. This type rating may be used to cover a situation where a insolvency petition has been filed or similar action has been taken, but payments on the obligation are being continued with high degree of external support.
D	Bank/FIs rated in this category are adjudged to be either currently in default or expected to be in default. This level of rating indicates that the entities are unlikely to meet maturing financial obligations and calls for immediate external support of a high order.

CREDIT RATING REPORT
ON
National Housing Finance And Investments Limited

SHORT TERM - BANKS AND FINANCIAL INSTITUTIONS

ST-1	**Highest Grade** Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding, Safety is almost like risk free Government short-term obligations.
ST-2	**High Grade** High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
ST-3	**Good Grade** Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
ST-4	**Satisfactory/ Moderate Grade** Satisfactory/Moderate liquidity and other protection factors qualify issues as to invest grade. Risk factors are larger and subject to more variation.
ST-5	**Speculative Grade** Speculative investment characteristics. Liquidity is not sufficient to insure against disruption in debt service. Operating factors and market access may be subject to a high degree of variation.
ST-6	**Default** Issuer failed to meet scheduled principal and/or interest payments.

"Interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and issue manager."

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

APPLICATION FORM

APPLICATION FOR SHARES BY INVESTORS OTHER THAN NON-RESIDENT BANGLADESHI (S)

WARNING: Please read the instructions at the back of this form. Incorrectly filled applications may be rejected.

The Managing Director
NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED
National Plaza (7th & 8th Floor), 109 Bir Uttam C.R. Datta Road,
Dhaka-1205

Banker's Sl. No.
Broker's Sl. No.

Dear Sir,

I/we apply for and request you to allot me/us the _________ number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Members of the Company and deposit the said shares to my BO (Beneficiary Owner) Account and/or a Crossed (Account Payee only) Cheque in respect of any application money refundable by post/courier at my/our risk to the first applicant's address stated below:

1. No. of Ordinary Shares ....of Tk. 100 each at par.
2. Amount of Tk. (in figure)........... Taka (in words)............….. only deposited vide Cash/Cheque/Draft/Pay Order No............................ date.......................…on...................Bank ....Branch.
3. Depository (BO) Account Number.

(If you do not mention your valid BO (Beneficiary Owners) account, your application will be treated as invalid)

4. I/ We agree to fully abide by the instructions given herein.
5. Particulars of Applicant(s):

a) Sole / First Applicant

Name:	
Father's/Husband's Name:	
Mother's Name:	
Postal Address:	
Occupation:	Nationality:
For refund warrant (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication, investors are requested not to use the name of any non-scheduled bank) Please write the correct and full name of bank and branch:	
Applicant's Bank A/C No.:	
Name of the bank:	Branch:

b) Second Applicant

Name:	
Father's/Husband's Name:	
Mother's Name:	
Postal Address:	
Occupation:	Nationality:

6. I/ We hereby declare that I/we have read the Prospectus of National Housing Finance and Investments Limited, and have willingly subscribed for .... no. of shares of Tk. 100 each on this form.

7. Specimen Signature(s)

i) Name (in Block Letters):	Signature:
ii) Name (in Block Letters):	Signature:

………..

BANKER'S ACKNOWLEDGEMENT

Certified that this Bank has received Tk.........…...................... (in words) ....…only from Mr. /Mrs./Ms. ....being the application money for …………. Nos. of Ordinary Shares of **National Housing Finance and Investments Limited.**

Authorized Signature
Banker's Sl. No. ……………… Seal & Date (Name & Designation)

INSTRUCTIONS

1. As per provision of the Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the Application Form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.

2. All information must be typed or written in full (in block letters) in English or in Bengali and must not be abbreviated.

3. Application must be made on the Company's printed form/photocopy or on typed copy/hand written form thereof.

4. Application must not be for less than **50** ordinary shares and must be for a multiple of **50** ordinary shares. Any application not meeting these criterions will not be considered for allotment purpose.

5. Remittance for the full amount of the shares must accompany each application and must be forwarded to any of the Bankers' to the Issue. Remittance should be in the form of cash/cheque/bank draft/pay order payable to one of the Bankers' to the Issue favoring **"NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED"** and crossed **"A/C Payee only"** and must be drawn on a bank in the same town as the bank to which the application form has been sent.

6. In the case of a joint application form, the Allotment letter will be dispatched to the person whose name appears first on this application form and where any amount is refundable in whole or in part the same will be refunded by Account Payee cheque by post/courier service to the person named first on this application form in the manner prescribed in the Prospectus.

7. Joint application form for more than two persons will not be accepted. In case of joint application, each party must sign the application form.

8. Applications must be in the full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons unsound mind. Application from financial and market intermediary companies must be accompanied by Memorandum of Association and Articles of Associations and Certificate of Incorporation.

9. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case, an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition whole or part of application money may be forfeited by the Commission.**

10. No receipt will be issued for the payment made with application, but the bankers will issue a provisional acknowledgement to the issue for application lodged with them.

11. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers' to the Issue refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.

12. Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission.

13. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the application liable to rejection and subject to forfeiture of application money and / or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.

14. Applications, which do not meet the above requirements, or applications, which are incomplete, shall not be considered for allotment purpose.

15. The Bankers' to the Issue shall be obliged to receive the A/C Payee Cheque(s) on the closing day of the subscription.

16. **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.**

17. **The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.**

BANKERS TO THE ISSUE

Southeast Bank Limited

Principal Branch, Dilkusha, Dhaka
Corporate Branch, Dilkusha, Dhaka
Imamgonj Branch, Dhaka
Dhanmondi Branch, Dhaka
Uttara Branch, Dhaka
New Elephant Road Branch, Dhaka
Gulshan Branch, Dhaka
Motijheel Branch, Dhaka
Kawran Bazar Branch, Dhaka
Banani Branch, Dhaka
Bangshal Branch, Dhaka
New Eskaton Branch, Dhaka
Agargaon Branch, Dhaka
Aganagar Branch, Dhaka
Khulna Branch, Khulna
Bandar Bazar Branch, Sylhet
Moulvibazar Branch, Moulvibazar
Laldighirpaar Branch, Sylhet
Hetimgong Branch, Sylhet
Chouhatta Branch, Sylhet
Shahjalal Uposhahar Branch, Sylhet
Kulaura Branch, Moulvibazar
Patantula Branch, Sylhet
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Khatungonj Branch, Chittagong
Halishahar Branch, Chittagong
CDA Avenue Branch, Chittagong
Cox's Bazar Branch, Cox's Bazar
Chhagalnaiya Branch, Feni
Feni Branch, Feni

National Bank Limited

Dilkusha Branch, Dhaka
Elephant Road Branch, Dhaka
Mirpur Branch, Dhaka
Savar Branch, Dhaka
Islampur Branch, Dhaka
Narayanganj Branch, Narayanganj
Argabad Branch, Chittagong
Sylhet Branch, Sylhet
Khatungonj Branch, Chittagong
Rajshahi Branch, Rajshahi
Khulna Branch, Khulna
Babubazar Bramch, Dhaka
Bangshal Road Branch, Dhaka
Foreign Exchange Branch, Dhaka
Gulshan Branch, Dhaka
Imamgonj Branch, dhak
Dhanmondi Branch, Dhaka
North Brook Hall Road, Dhaka
Kawran Bazar Branch, Dhaka
Bogra Branch, Bogra
Barisal Branch, Barisal
Comilla Branch, Comilla
Rangpur Branch, Rangpur
KDA Branch, Khulna
Jubelee Road Branch, Khulna
Gazipur Branch, Gazipur
Mohammadpur Branch, Dhaka
Lake Circus Branch, Dhaka
Uttara Branch, Dhaka
JH Shikdar MC Branch, Dhaka
Malibagh Branch, Dhaka
Mohakhali Branch, Dhaka
Motijheel Branch, Dhaka
Sylhet Branch, Sylhet

Dutch Bangla Bank Limited

Local Office, Dilkusha, Dhaka
Foreign Exchange Branch, Motijheel, Dhaka
Nababpur Branch, Nababpur Road, Dhaka
Banani Branch, Banani, Dhaka.
Kawran Bazar Branch, Kawran Bazar, Dnaka.
Shantinagar Branch, Shantinagar, Dhaka
Dhanmondi Branch. Road No. 8, Dhanmondi, Dhaka
Baburhat Branch, Madhabdi Bazar, Narsingdi.
Narayangonj Branch, Tanbazar, Narayangonj B,B. Road Branch, Narayangonj.
Agrabad Branch, Chittagong
Mohakhall Branch, Mohakhali
Gulshan Branch, Gulshan, Dhaka
MIrpur Branch, Mirpur-1, Dhaka
Uttara Branch, uttara, Dhaka
Patherhat Branch, Raozan, Chittagong
Hathazari Branch, Hathazari, Chittagong
Islampur Branch, islampur Road, Dhaka
Dania Branch, Shyampur, Dhaka
Khulna Branch, KDA Avenue, Khulna
Sylhet Branch, Sylhet
Dhaka EPZ Branch, Savar, Dhaka
Board Bazar Branch, Gazlpur.
Netaiganj Branch, Netalganj, Marayanganj
Bogra Branch, Raza Bazar, Bogra
Elephant Road Branch, Dhaka
Barisal Branch, Barisal
Simrail Branch, Narayanganj
CDA Avenue Branch, Chittagong
Joypara Branch, Dohar, Dhaka.
Biswanath Branch, Biswanath, Sylhet
Moulavi Bazar Branch, Moulavi Bazar
Muradpur Branch, Panchlaish, Chittagong
Golapgonj Branch, Sylhet
Rajshahi Branch, Rajshahi
Naya Bazar Branch, Dhaka.
Imamgonj Branch, Dhaka.
Savar Bazar, Savar, Dhaka
Gazipur Chowrasta Branch, Gazipur
Feni Branch, Feni.
Comilla Branch, Comilla.
Jubilee Road Branch, Chittagong
Kadamtali Branch, Chittagong.
Mirzapur Branch, Mirzapur, Tangail
Cox's Bazar Branch, Cox's Bazar
Lohagara Branch, Chittagong
Basundhara Branch, Basundhara, Dhaka
Ring Road Branch, Adabor, Dhaka.
Manikgonj Branch, Manikgonj.

Investment Corporation of Bangladesh (ICB)

Head Office, Dhaka
Local Office, Dhaka
Chittagong Branch
Sylhet Branch
Barishal Branch,
Khulna Branch
Bogra Branch,
Rajshahi Branch

United Commercial Bank Limited

Principal Branch Dhaka
Zinzira Branch, Dhaka
Islampur Branch, Dhaka
Gulshan Branch, Dhaka
Mymensingh Branch, Mymensingh
Elephant Road Branch, Dhaka
Narsingdi Branch, Narsingdi
Malibagh Branch, Dhaka
Bangshal Road Branch, Dhaka
Narayanganj Branch, Narayanganj
Nawabpur Branch, Dhaka
Mohammadpur Branch, Dhaka
Kawran Bazar Branch, Dhaka
Mirpur Branch, Dhaka
Tangail Branch, Tangail
Nayabazar Branch, Dhaka
Hasnabad Branch, Dhaka
Paglabazar Branch, Narayanganj
Foreign Exchange Branch, Dhaka
Islami Banking Branch, Sylhet
Madhabdi Branch, Narshingdi
Mohakhali Branch, Dhaka
Faridpur Branch, Faridpur
Tongi Branch, Tongi
North Brook Hall Road, Dhaka
Bhulta Branch
Khatungonj Branch, Chittagong
Islami Banking Branch
Argabad Branch, Chittagong
Cox's Bazar Branch, Cox's Bazar
Chawmuhani Branch, Chittagong
Madunaghat Branch, Chittagong
Noapara Branch, Chittagong
Jubilee Road Branch, Chittagong
Comilla Branch, Comilla
Kadamtali Branch, Chittagong
Chawk Bazar Branch, Chittagong
Chandpur Branch, Chandpur
Lohagora Branch, Chittagong
Nazirhat Branch, Chittagong
Lakshmipur Branch, Lakshmipur
Brahmanbaria Branch, Brahmanbaria
Port Branch, Chittagong
Anderkilla Branch, Chittagong
Maizdee Court Branch, Chittagong
Nizam Road Branch, Chittagong
Rajakhali Branch, Chittagong
Fatikchari Branch, Chittagong
Station Road Branch, Chittagong
Bahaddarhat Branch, Chittagong
Sylhet Branch, Sylhet
Moulvibazar Branch, Moulvibazar
Bishwanath Branch, Sylhet
Beanibazar Branch, Sylhet
Amberkhana Branch, Sylhet
Goalabazar Branch, Sylhet
Kulaura Branch, Moulvibazar
Zindabazar Branch, Sylhet
Nabigonj Branch, Sylhet
Barlekha Branch, Sylhet
Sherpur Branch, Sylhet
Bogra Branch, Bogra
Faridpur Branch, Faridpur
Rajshahi Branch, Rajshahi
Khulna Branch, Khulna
Barisal Branch, Barisal
Dinajpur Branch, Dinajpur
Rangpur Branch, Rangpur
Naogaon Branch, Naogaon
Pabna Branch, Pabna
Serajgonj Branch, Serajgonj
Patuapara Branch, Natore
Chapai Nawabgonj Branch
Jessore Branch, Jessore
Kushtia Branch, Kushtia
Jhenaidah Branch, Jhenaidah
Noapara Bazar Branch, Noapara
Khan Jahan Ali Road, Khulna
Chuadanga Branch

"Interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and issue manager."

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

APPLICATION FORM

APPLICATION FOR SHARES BY NON-RESIDENT BANGLADESHI (S)
(TO BE SENT DIRECTLY TO THE COMPANY'S CORPORATE OFFICE)

WARNING: Please read the instructions at the back of this form. Incorrectly filled applications or failing to comply with any of the instructions therein, applications may be rejected.

The Managing Director
NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED
National Plaza (7th Floor), 109 Bir Uttam C.R. Datta Road,
Dhaka-1205

Dear Sir,
I/we apply for and request you to allot me/us the __________ number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Members of the Company and deposit the said shares to my BO (Beneficiary Owner) Account and / or a Crossed (Account Payee only) Cheque in respect of any application money refundable by post/courier at my/our risk to the first applicant's address stated below:

1. No. of Ordinary Shares …… of Tk. 100 each at par.
2. Amount of Tk. (in figure)…………… (in words)……………… only convertible into US Dollar 1=Tk. …………, UK£ 1 = Tk…………. and EURO 1=Tk………………..
3. Payment by Cheque/ Draft No. ……………date……………for US$ or UK Pound Sterling or EURO or Tk…………… drawn on …………….. Bank………………………Branch…………………
4. Depository (BO) Account Number:

(If you do not mention your valid BO (Beneficiary Owners) account, your application will be treated as invalid)

5. I/ We agree to fully abide by the instructions given herein.
6. Particulars of Applicant(s)

a. Sole/First Applicant

Name:	
Father's/Husband's Name:	
Mother's Name:	
Mailing Address:	
Occupation:	Nationality:
Passport No: Valid up to:	
Date of Birth:	
For refund warrant (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication, investors are requested not to use the name of any non-scheduled bank) **Please write the correct and full name of bank and branch:** Applicant's Bank A/C No.: Name of the bank:	Branch:

b. Second Applicant

Name:	
Father's/Husband's Name:	
Mother's Name:	
Mailing Address:	
Occupation:	Nationality:
Passport No:	Valid up to:
Date of Birth:	

Nominee

Name: Mailing Address:

7. I/ We hereby declare that I/we have read the Prospectus of **NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED,** and have willingly subscribed for …………………….. No. of Ordinary Shares of Tk. 100 each on this form.

8. Specimen Signature(s)

	Name in Block Letter	Signature
Sole/First Applicant		
Second Applicant		
Nominee		

INSTRUCTIONS

1. As per provision of the Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the Application Form. If you do not mention your valid BO (Beneficiary Owner) account, your application will be treated as invalid.
2. All information must be written or typed in block letters in English and must not be abbreviated.
3. An application must not be for less than **50** Ordinary Shares and must be for a multiple of **50** ordinary shares. Any application not meeting this criterion will not be considered for allotment purpose.
4. An application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of shares favoring **"NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED"** and crossed **"Account Payee only"**.
5. An application shall be sent by the applicant directly to the Company by 09/10/2008 so as to reach the Company by 18/10/2008. Applications sent after 09/10/2008 or received by the Company after 18/10/2008 will not be considered for allotment purpose.
6. Refund against over-subscription shall be made in the currency in which the value of shares was paid for by the applicant at the same rate as stated on the application form through Account Payee cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form.
7. In case of over-subscription, allotment shall be made by lottery solely in accordance with the instructions by SEC.
8. Money receipt on clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.
9. Joint application by two persons will be acceptable. In such a case, allotment or refund shall be made by post to the first applicant.
10. Application must be made by an individual, a corporation or company, a trust or a society and not by a firm, minor or persons of unsound mind.
11. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the Application liable to rejection and subject to forfeiture of application money and / or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
12. The intending NRB applicants shall deposit share money by US$/UK Pound Sterling/EURO draft drawn on any Bank and payable in Dhaka, Bangladesh, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking **"Account Payee only"**. So that the issuer's collecting bank can clear the proceeds and deposit the same into issuer Company's account in time.
13. The spot buying rate (TT Clean) in US$, UK Pound Sterling and EURO of Sonali Bank at the day of **subscription opening** will be applicable for the Non Resident Bangladeshi (NRB) applicants.
14. **The applicant shall furnish photocopies of relevant pages of valid passports in support of his being an NRB, dual citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him to travel to Bangladesh.**
15. In case of joint NRB application joint applicant shall also submit supporting papers /documents in support of their being an NRB as mentioned in para-14.
16. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case, an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition whole or part of application money may be forfeited by the Commission.**
17. **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.**
18. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers' to the Issue refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
19. **The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.**

THE NRB APPLICATION ALONG WITH THE FOREIGN CURRENCY DRAFT, AS ABOVE, IS TO BE SUBMITTED TO THE COMPANY'S HEAD OFFICE DIRECTLY WITHIN THE STIPULATED TIME MENTIONED IN PARA 5.

Auditors' Report pursuance of section 135(1) under paragraph 24(1) of Part-II of the Third Schedule of the Companies Act-1994.

As per the Section 135(1) under paragraph 24(1) of Part-II of the Third Schedule of the Companies Act-1994, National Housing Finance And Investments Limited has prepared the following statement of assets & liabilities and statement of operating results for the years ended December 31, 2003,2004,2005,2006 & 2007. Our responsibility is to review the audited financial statements and to confirm that related information have been correctly extracted from the relevant audited financial statements. The audited financial statements were prepared under finance lease method of accounting in the year 2004, but thereafter from 2005, the financial statements have been prepared under operating lease method of Accounting.

We, as auditors, have reviewed the relevant audited financial statements and confirm that the following information has been correctly extracted from those audited financial statements:

1) The Company was incorporated on August 18, 1998.

2) The Statements of Assets & Liabilities of the Company are as under

(In Million Taka)

Balance Sheet	**As at**				
	31-Dec-07	**31-Dec-06**	**31-Dec-05**	**31-Dec-04**	**31-Dec-03**
Fixed Assets at cost less accumulated depreciation	**31.67**	**11.67**	**11.37**	**11.81**	**12.02**
Mortgage Loans-net of current maturity	**1,750.36**	**1,772.59**	**1,808.11**	**1,498.55**	-
Mortgage Loans	-	-	-	-	**1,111.85**
Lease Finance	**703.43**	**507.58**	**460.66**	**216.76**	-
Leased assets at cost-less acc. dep. - net of current maturity	633.57	477.58	369.61	-	-
Investments in lease finance - net of current maturity	-	-	-	90.94	-
Adv. against lease	69.86	30.00	91.05	125.82	-
Term Finance - net of current maturity	**70.20**	**100.71**	**143.10**	**0.00**	**0.00**
Current Assets	**1,909.18**	**1,130.38**	**1,402.34**	**1,700.31**	**675.41**
Current Maturity of mortgage loans	94.99	85.11	59.96	44.25	-
Current maturity of lease finance	281.15	222.92	95.71	31.19	-
Current maturity of term finance	74.84	8.79	-	-	-
Investment in shares	61.83	42.32	-	-	-
Accounts receivables and advances	163.26	142.47	114.82	160.23	60.38
Cash and bank balances	1,233.11	628.77	1,131.85	1,464.64	615.03
Total Assets	**4,464.84**	**3,522.93**	**3,825.58**	**3,427.43**	**1,799.28**

Shareholders' fund	**620.29**	**545.94**	**497.98**	**475.24**	**464.91**
Share capital	400.00	400.00	400.00	400.00	400.00
Proposed Stock Dividend	70.00	-	-	-	-
Retained earnings	62.67	73.19	42.82	40.55	41.08
Statutory reserve	87.62	72.75	55.16	34.69	23.83
Long term loan and deposits - net of current maturity	**614.84**	**535.35**	**344.64**	**326.21**	**238.94**
Current liabilities & provisions	**3,229.71**	**2,441.64**	**2,982.96**	**2,625.98**	**1,095.43**
Bank borrowings & deposits	2,917.38	2,232.66	2,776.15	2,411.83	978.10
Accounts payable	118.65	85.07	118.19	79.53	22.76
Provision for tax	113.51	54.59	23.16	79.04	49.32
Provision for loan loss and overdue interest	80.17	69.32	62.23	55.48	45.25
Provision for diminution for value of share	-	-	-	-	-
Un-paid dividend	-	-	3.23	0.10	-
Total Equities & Liabilities	**4,464.84**	**3,522.93**	**3,825.58**	**3,427.43**	**1,799.28**

3) The Statements of operating results of the company are as follows

(In Million Taka)

Profit & Loss Account	For the year from January 1 to December 31				
	2007	2006	2005	2004	2003
Operating Income					
Interest income	425.15	400.36	385.28	340.27	171.42
Lease rental	357.3	200.60	101.18	-	-
	782.46	**600.96**	**486.46**	**340.27**	**171.42**
Interest Expenses	(368.80)	(323.18)	(286.58)	(207.65)	(78.17)
Dep. on leased assets	(240.12)	(124.48)	(63.65)		
Net interest & lease rental income	**173.54**	**153.30**	**136.23**	**132.62**	**93.25**
Loan fees	4.78	4.00	7.47	9.64	5.42
Total Operating Income	**178.32**	**157.30**	**143.70**	**142.26**	**98.67**
Dividend on share	4.17	-	-	-	-
Profit from sale of share	12.46			-	-
Others	2.71	0.15	2.63	-	-
	197.66	**157.45**	**146.33**	**142.26**	**98.67**
Operating Expenditure					
Directors fees	0.30	0.27	0.21	0.36	0.58
Staff Cost	15.64	15.25	14.73	14.92	11.53
Office Occupancy	2.06	2.55	2.54	2.21	1.72
Promotion & Publicity	1.96	0.87	1.47	2.79	2.92
Insurance Premium	0.17	1.45	1.38	1.05	0.64
Audit fees	0.08	0.08	0.08	0.08	0.08
Other Expenses	7.45	7.03	5.67	7.52	3.93
Dep. on fixed assets	3.98	1.84	1.68	1.71	1.8
Total Operating Expenditure	**31.64**	**29.34**	**27.76**	**30.64**	**23.20**
Operating Profit	**166.02**	**128.11**	**118.57**	**111.62**	**75.47**
Profit/(Loss) on disposal of fixed asset	-	-	-	-	-
Provision for Loan Loss	(10.85)	(7.09)	(6.75)	(10.54)	(2.94)
	155.17	**121.015**	**111.82**	**101.08**	**72.53**
Provision for diminution in value of share	(1.32)	(0.05)	-	-	-
Profit before tax	**153.85**	**120.97**	**111.82**	**101.08**	**72.53**
Provision for tax	(79.50)	(33.02)	(9.47)	(47.07)	(33.96)
	74.35	**87.95**	**102.35**	**54.01**	**38.57**
Provisions for overdue loans & interest written back	-	-	-	0.31	9.31
Net profit after tax	**74.35**	**87.95**	**102.35**	**54.32**	**47.88**
Retained earnings brought forward	73.19	42.82	40.54	41.09	2.79
Profit available for appropriation	**147.54**	**130.769**	**142.89**	**95.41**	**50.67**
Appropriations					
Transfer to statutory reserve	(14.87)	(17.58)	(20.47)	(10.87)	(9.58)
Interim dividend	-	-	(40.00)	-	-
Final dividend	-	(40.00)	(36.00)	(40.00)	-
Proposed Stock Dividend	(70.00)				
Dividend distribution tax	-	-	(3.60)	(4.00)	-
Total appropriations	**(84.87)**	**(57.58)**	**(100.07)**	**(54.87)**	**(9.58)**
Retained earnings carried forward	**62.67**	**73.19**	**42.82**	**40.54**	**41.09**
Earnings Per Share (EPS)	**18.59**	**21.99**	**25.59**	**13.58**	**11.97**
Earnings Per Share (EPS) (Considering subsequent allotment of 0.70 million shares)	**15.82**	**-**	**-**	**-**	**-**

4) Company's declared dividends

Year	Rate (%)	Cash (%)	Bonus (%)
31-Dec-07	-	-	-
31-Dec-06	17.50	-	17.50
31-Dec-05	20	20	-
31-Dec-04	9	9	-
31-Dec-03	10	10	-
31-Dec-02	12.50	12.50	-

5) National Housing Finance And Investments Ltd. has no subsidiary.

6) No proceeds or part of proceeds of the shares were applied directly by the company in the purchase of any business.

7) The company did not prepare any accounts subsequent to December 31, 2007.

Date: April 23, 2008
Place: Dhaka

Sd/-
M. J. ABEDIN & CO.
Chartered Accountants

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Basic Earning Per Share (EPS)

Particulars		
a) Earning attributable to the ordinary shareholders (Net profit after taxation & provision)	7,43,50,633	8,79,55,553
b) Weighted average number of ordinary shares outstanding during the period	4,000,000	4,000,000
c) Basic EPS	18.59	21.99
d) Basic EPS(Considering subsequent allotment of shares of Tk.70 million)	15.82	-

Particulars	Year 2007	Year 2006	Year 2005	Year 2004	Year 2003
Current Ratio	0.59	0.46	0.47	0.65	0.62
Times Interest Earned Ratio	1.42	1.37	1.39	1.49	1.93
Debt Equity Ratio	0.99	0.98	0.69	0.69	0.51
Accounts Receivable Turnover Ratio	N/A	N/A	N/A	N/A	N/A
Inventory Turnover Ratio	N/A	N/A	N/A	N/A	N/A
Asset Turnover Ratio	N/A	N/A	N/A	N/A	N/A
Gross Margin Ratio	0.23	0.26	0.30	0.42	0.58
Operating Income Ratio	0.19	0.21	0.24	0.33	0.44
Net Income Ratio	0.10	0.15	0.21	0.16	0.28
Return on Asset Ratio	0.02	0.02	0.03	0.02	0.03
Return on Equity Ratio	0.12	0.16	0.21	0.11	0.10
Return on Paid Up Capital	0.19	0.22	0.26	0.14	0.12
No. of Share Outstanding	40,00,000	40,00,000	40,00,000	40,00,000	40,00,000
Earning Per Share (EPS)	18.59	21.99	25.59	13.58	11.97
Earning Per Share (EPS) (Considering subsequent allotment of shares of Tk.70 million)	15.82	-	-	-	-

Date: April 23, 2008
Place: Dhaka

AUDITORS' REPORT TO THE SHAREHOLDERS

OF

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

We have audited the accompanying Balance Sheet of National Housing Finance And Investments Limited as of December 31, 2007 and the Statement of Changes in Equity, Cash Flow Statement and Profit and Loss Account for the period then ended. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

BASIS OF OPINION:

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

OPINION:

Except for the effect on the financial statements of the matters discussed in note 2.3, in our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS) give a true and fair view of the state of the Company's affairs as of December 31, 2007 and of the results of its operations and its cash flows for the period then ended and comply with the Financial Institutions Act 1993, the Securities and Exchange Rules 1987, the Company's Act 1994, the Rules and Regulations issued by the Bangladesh Bank, and other applicable laws and regulations in force in Bangladesh.

WE ALSO REPORT THAT:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) Proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;

c) The Company's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account;

d) The expenditure incurred and payments made were for the purposes of the Company's business;

e) Adequate provision has been made for loans, leases and other assets considered to be doubtful; and

f) The information and explanations required by us have been received and found satisfactory.

Sd/-

M. J. ABEDIN & CO.
Chartered Accountants

Dated : April 20, 2008
Place : Dhaka.

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Balance Sheet

As at December 31, 2007

	Note	Dec. 31, 2007 Taka	Dec. 31, 2006 Taka
PROPERTY AND ASSETS			
Current Assets:		**1,909,183,169**	**1,130,380,331**
Cash and Bank Balances	3	1,233,110,375	628,770,514
Accounts Receivables and Advances	4	163,261,846	142,477,624
Investment in Share	5	61,826,685	42,316,500
Current Maturity of Mortgage Loans		94,999,392	85,112,161
Current Maturity of Lease Finance		281,145,316	222,915,035
Current Maturity of Term Finance		74,839,555	8,788,497
Mortgage Loans	6	1,750,361,400	1,772,590,977
Lease Finance		**703,429,481**	**507,580,387**
Leased Assets at cost Less Accumulated Depreciation	7	633,568,881	477,580,387
Advance against Lease		69,860,600	30,000,000
Term Finance	8	70,197,781	100,709,202
Fixed Assets			
At cost-less Accumulated Depreciation	9	31,675,013	11,673,205
		4,464,846,844	**3,522,934,102**
EQUITY AND LIABILITIES			
Current Liabilities and Provisions:		**3,228,848,203**	**2,396,646,116**
Bank Borrowings and Deposits	10	2,917,381,412	2,232,662,767
Accounts Payable	11	118,657,518	85,066,627
Provision for Current Tax	12	112,642,169	9,595,431
Provision for Loan Loss and overdue Interest	13	80,167,104	69,321,291
Provision for Deferred Tax (Note - 2.9b)		865,908	45,000,000
Long Term Loans and Deposits less Current Maturity	14	614,842,446	535,348,332
Shareholders' Fund		**620,290,288**	**545,939,655**
Share Capital	15	400,000,000	400,000,000
Proposed Stock Dividend (Note-30)		70,000,000	-
Retained Earnings		62,668,110	73,187,604
Statutory Reserve	16	87,622,178	72,752,051
		4,464,846,844	**3,522,934,102**

The accompanying notes form an integral part of the financial statements.

Sd/-	Sd/-	Sd/-
M. Haider Chowdhury	**A. K. M. Iftekhar Ahmad**	**Md. Abdur Rob**
Chairman	Director	Managing Director

This is the Balance Sheet referred in our report of even date.

Sd/-

M. J. ABEDIN & CO.
Chartered Accountants

Dated : April 20, 2008
Place : Dhaka

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Profit and Loss Account

For the year ended December 31, 2007

	Note	Dec. 31, 2007 Taka	Dec. 31, 2006 Taka
OPERATING INCOME			
Interest Income	17	425,152,765	400,361,902
Interest Expense		(368,797,834)	(323,185,646)
		56,354,931	**77,176,256**
Lease Rental	18	357,311,531	200,601,921
Depreciation on Leased Assets (Note-07)		(240,116,789)	(124,475,694)
Net Interest & Lease Rental Income		173,549,673	153,302,483
Loan Fees		4,775,750	4,000,984
Total Operating Income		**178,325,423**	**157,303,467**
Income from Sale of Shares		12,459,876	4,441
Dividend Income		4,169,000	10,000
Other Non-operating Income	19	2,709,508	132,212
		197,663,807	**157,450,119**
OTHER OPERATING EXPENDITURE			
General Administrative Expenses	20	20,228,401	20,468,834
Other Expenses	21	7,432,671	7,032,725
Depreciation on Fixed Assets (Note-09)		3,977,172	1,839,969
Total Operating Expenditure		**31,638,244**	**29,341,528**
Operating Profit		**166,025,563**	**128,108,592**
Provision for Loan Loss (Note-13)		(10,845,813)	(7,088,827)
Provision for Diminution in Value of Shares (Note-5.10)		(1,324,160)	(46,644)
Net Profit before Tax		153,855,590	120,973,121
Provision for Tax (Note-12)		(79,504,957)	(33,017,568)
Net Profit after Tax		**74,350,633**	**87,955,553**
EPS (per value of Tk. 100)		18.59	21.99
Number of Ordinary Shares		4,000,000	4,000,000

The accompanying notes form an integral part of the financial statements.

Sd/-	Sd/-	Sd/-
M. Haider Chowdhury	**A. K. M. Iftekhar Ahmad**	**Md. Abdur Rob**
Chairman	Director	Managing Director

This is the Profit and Loss Account referred in our report of even date.

Sd/-

M. J. ABEDIN & CO.
Chartered Accountants

Dated : April 20, 2008
Place : Dhaka

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Cash Flow Statement

For the year ended December 31, 2007

	Dec. 31, 2007 Taka	Dec. 31, 2006 Taka
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Interest & Other Receipts from Clients	784,470,048	577,451,811
Interest paid	(341,099,408)	(357,051,524)
Suppliers & Employees	(21,768,607)	(26,757,387)
Income Tax paid	(20,592,311)	(1,584,850)
Net Cash Flow from Operating Activities	**401,009,722**	**192,058,050**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Mortgage Loans Disbursed	12,342,346	10,361,816
Advance against Lease	(39,860,600)	61,059,370
Term Finance	(35,539,637)	33,600,413
Investment in Shares	(19,510,185)	(42,363,144)
Purchase of Fixed Assets	(23,978,980)	(2,703,890)
Sale of Fixed Assets	-	557,318
Purchase of Leased Assets	(454,335,564)	(359,653,579)
Net Cash Outflow from Investing Activities	**(560,882,620)**	**(299,141,696)**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long Term Loans and Deposits	79,494,114	190,712,531
Bank Borrowings and Deposits	684,718,645	(543,479,040)
Dividend paid	-	(43,230,000)
Net Cash Flow from Financing Activities	**764,212,759**	**(395,996,509)**
D. Net Increase (Decrease) in Cash and Bank Balances (A+B+C)	**604,339,861**	**(503,080,155)**
E. Cash and Bank Balances at Beginning of the Year	628,770,514	1,131,850,669
F. Cash and Bank Balance at Closing of the Year	**1,233,110,375**	**628,770,514**

M. Haider Chowdhury
Chairman

A. K. M. Iftekhar Ahmad
Director

Md. Abdur Rob
Managing Director

This is the Cash Flow Statement referred in our report of even date.

Dated : April 20, 2008
Place : Dhaka

M. J. ABEDIN & CO.
Chartered Accountants

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED
Statement of Changes in Equity
For the year ended December 31, 2007

Figures in Taka

Particulars	Share Capital	Proposed Stock Dividend	Retained Earnings	Statutory Reserve	Total
As at December 31, 2005	400,000,000	-	42,823,162	55,160,940	497,984,102
Net Profit for the year	-	-	87,955,553	-	87,955,553
Transfer to Statutory Reserve	-	-	(17,591,111)	17,591,111	-
Cash Dividend for 2005	-	-	(40,000,000)	-	(40,000,000)
As at December 31, 2006	**400,000,000**	**-**	**73,187,604**	**72,752,051**	**545,939,655**
As at December 31, 2006	400,000,000	-	73,187,604	72,752,051	545,939,655
Stock Dividend for 2006	-	70,000,000	(70,000,000)	-	-
Net Profit for the year	-	-	74,350,633	-	74,350,633
Transfer to Statutory Reserve	-	-	(14,870,127)	14,870,127	-
As at December 31, 2007	**400,000,000**	**70,000,000**	**62,668,110**	**87,622,178**	**620,290,288**

The accompanying notes form an integral part of the financial statements.

Sd/-

M. Haider Chowdhury
Chairman

Sd/-

A. K. M. Iftekhar Ahmad
Director

Sd/-

Md. Abdur Rob
Managing Director

This is the Statement of Changes in Equity referred in our report of even date.

Dated : April 20, 2008
Place : Dhaka

Sd/-

M. J. ABEDIN & CO.
Chartered Accountants

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended December 31, 2007

1.00 BACKGROUND AND OPERATION OF THE COMPANY

National Housing Finance And Investments Limited (NHFIL) was incorporated on August 18, 1998 as a public limited company under the Companies Act, 1994. The main objectives of the Company are to carry on the business of financing the acquisition, construction, development and purchase of houses, plots, apartments, real estates, commercial spaces, etc.

The Company provides loan to the extent of 70% of the total purchase price of houses, plots and apartments under usual repayable terms varying from 5 years to 25 years. The properties for which loans are disbursed are kept under registered/equitable mortgage as security.

The Company has obtained permission from Bangladesh Bank on June 03, 2003 to enter into lease finance operation keeping housing finance as its core business.The Company extends lease finance for all types of industrial, manufacturing and service equipments including vehicles to individual companies and corporate houses.

The registered office of the company is located at National Plaza (7th floor), 109, Bir Uttam C.R. Datta Road (Ex-Sonargaon Road), Dhaka -1205.

2.00 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, explanatory notes and disclosures to the financial statements are presented by the management in the manner as prescribed by the Bangladesh Accounting Standard (BAS-1) "Presentation of Financial Statements".

2.01 Basis of Accounting

The financial statements of the Company have been prepared on accrual basis of accounting, under historical cost convention in accordance with International Accounting Standards (IAS) as adopted in Bangladesh, the Companies Act, 1994, Securities and Exchange Rules 1987, the Financial Institutions Act, 1993, and other applicable laws and regulations in Bangladesh.

2.02 Accounting for Mortgage Loans

Books of accounts for Mortgage Loans are maintained based on the accrual method of accounting. Mortgage Loans are presented in the balance sheet at amortized cost using the effective interest rate method.

2.03 Accounting for Lease Finance

Effective from January 01, 2005, the Company followed operating lease method for accounting of its lease finance. Although according to the requirement of BAS – 17 “Leases” finance lease method was followed by the Company for the year 2004.

There is no impact on profitability of the Company for above change in accounting policy.

The Company shifted its lease accounting method to obtain equitable tax treatment of leased assets registered in the name of the Company.

2.04 Accounting for Term Finance

Term Finance operation consists of long term finance, books of account for which are maintained based on accrual method of accounting.

2.05 Revenue Recognition

2.05.1 Interest Income

Mortgage Loans

Repayment of housing (mortgage) loans is made by way of Equated Monthly Installments (EMI) which consists of principal and interest. Interest is calculated annually on the outstanding balance at the beginning of the year. EMI commences after disbursement of loan in full. EMI and Pre-EMI interests are recoverable every month from the borrowers, interest on loan due for payment for more than six months are not taken into account.

Lease Finance

Lease rental receivables are recognized as operational revenue while depreciation on leased assets alongwith financial expenses incurred on loan funds are accounted for as operational expenses. As per policy, no income is accrued for installments that are due for more than six months.

Term Finance

Income from term finance is recognised when interest is accrued, but no income is accrued in respect of installments that becomes due for more than six months.

Fixed Deposits

Fixed deposits, if not encashed on due date, is considered automatically renewed at the equivalent current rate of interest. Interest on fixed deposits is recognised as income as and when accrued.

2.05.2 Loan Fees

Loan fees comprises application fee and administration fee computed on sanctioned loan amount.

2.06 Loan Loss Provision

General provision @ 1% on unclassified loans are made as per policy prescribed by the Bangladesh Bank. In addition to Bangladesh Bank's policy for provision against non-performing loans, the Company follows a stringent policy to make provision against its non-performing loans.

2.07 Fixed Assets

Fixed assets are capitalized at cost plus expenses incurred on installation, registration, etc.

2.08 Depreciation

Fixed Assets

Depreciation on additions made during the year is charged for the whole year, while no depreciation is charged in the year of disposal.

The rate of charging depreciation varies from year to year in accordance with the Finance Act for the respective year. Depreciation on fixed assets except land is provided on Reducing Balance Method at the following rates per annum.

Building	10%
Office furniture	10%
Office equipment	20%
Motor vehicles	20%

Leased Assets

Leased assets are depreciated over the lease period applying principal due method.

2.09 Income Tax

a) Current Tax

Provision for current year's taxation is made at the ruling rate prescribed in the Finance Act consistently.

b) Deferred Tax

Deferred Tax arises due to temporary difference, deductible or taxable, for the events or transactions recognized in the income statement. A temporary difference is the difference between the tax base of an asset or liability and its carrying amount/reported amount in the financial statement. Deferred Tax asset or liability is the amount of income tax payable or recoverable in future period(s) recognized in the current period. The Deferred Tax asset/income or liability/expense does not create a legal liability/recoverability to and from the income tax authority.

Provision for Deferred Tax	**Dec. 31, 2007 Taka**	**Dec. 31, 2006 Taka**
Balance as on 1st January	45,000,000	20,000,000
Add: Provision made during the year	-	25,000,000
Less : Provision for deferred tax written back	(44,134,092)	-
Balance as at 31st December 2007	**865,908**	**45,000,000**

2.10 Cash Flow Statement

Cash flow statement is prepared and presented under direct method.

2.11 Cost of Post Employment Benefits

The Company has Contributory Provident Fund for its eligible employees. Provident Fund is recognised by the respective authority and administered by a Board of Trustee and funded by contributions partly from the employees and partly from the Company at a predetermined rate. The contributions are invested in compliance with the PF Trust Deed and Rules.

The Company has introduced a funded gratuity scheme in the year 2004 obtaining necessary approval from the National Board of Revenue, GOB. The Gratuity Scheme is administered by a Board of Trustees.

2.12 Earning per Share (EPS)

The Company calculates Earnings Per Share (EPS) in accordance with IAS 33 "Earnings Per Share" which has been shown on the face of the Profit & Loss Account, and the computation of EPS is stated in Note 22.

Basic Earnings

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extraordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

2.13 Proposed Dividend

Dividend recommended by the Board of Directors for the year under review is accounted for after approval of the shareholders in the Annual General Meeting.

2.14 General

2.14.1 Figures in the Financial Statements have been rounded off to the nearest Taka.

2.14.2 Previous year's figures are rearranged wherever considered necessary to conform to current year's presentation.

3.00 CASH AND BANK BALANCES

	Dec. 31, 2007 Taka	Dec. 31, 2006 Taka
Cash in hand	45,532	776
Balances with banks:		
Current account with Bangladesh Bank (CRR)	23,972,939	20,806,627
Current account with other banks	306,089	365,913
Short term deposits	8,785,815	7,597,198
Fixed deposits	1,200,000,000	600,000,000
	1,233,110,375	**628,770,514**

4.00 ACCOUNT RECEIVABLES AND ADVANCES

Interest on mortgage loans (4.10)	53,434,470	40,500,188
Lease rental (4.20)	32,539,738	35,608,530
Loan against fixed deposits	11,931,153	12,026,968
Advance against fixed asset	1,350,000	732,640
Other receivables (4.30)	47,580,644	28,444,731
Loan to employees	7,119,112	2,664,852
Security deposits	344,360	344,360
Advance tax (4.40)	7,532,681	20,592,311
Legal costs recoverable	131,100	131,100
Advance against office rent	129,600	217,850
Others	1,168,989	1,214,095
	163,261,846	**142,477,624**

4.10 Interest on Mortgage Loan

Home Mortgage Loan	59,874,718	44,482,291
Project Mortgage Loan	5,747,759	12,162,954
Commercial Mortgage Loan	1,143,518	642,030
Prepayment Interest	19,670	21,280
Prepayment Charges	10,472	40,472
	66,796,137	**57,349,027**
Less: Provision for Interest Loss-HML	(12,398,787)	(5,632,033)
Less: Provision for Interest Loss-PML	(962,880)	(11,216,806)
	53,434,470	**40,500,188**

4.20 Lease Rental

Vehicles	9,644,641	3,956,150
Industrial Equipment	43,108,485	37,721,000
	52,753,126	**41,677,150**
Less: Provision for Interest Loss-Lease	(20,213,388)	(6,068,620)
	32,539,738	**35,608,530**

	Dec. 31, 2007 Taka	Dec. 31, 2006 Taka

4.30 Other Receivables

Delayed Interest Receivable	10,005,347	3,039,532
Cheque Dishonoured Charges Receivable	1,299,560	666,267
IDCP Receivable	2,208,097	3,831,944
Interest on bank deposits	32,191,526	20,906,988
Receivable from Multi Securities	4,811	-
Receivable from ETBL Securities	572,056	-
Receivable from LRK Securities	1,299,247	-
	47,580,644	**28,444,731**

4.40 Advance Tax

Balance as on 1st January	20,592,311	11,999,515
Add: Advance tax for the year	7,532,681	9,121,464
Tax paid during the year	-	-
Tax deducted at source (4.4.1)	7,532,681	9,121,464
Less: Adjusted against provision for the year 2005 & 2006 (12.00)	(20,592,311)	(528,668)
Closing Balance	**7,532,681**	**20,592,311**

4.4.1 Tax deducted at source relates to the income year 2007.

5.00 INVESTMENT IN SHARE

Ordinary Shares (5.1)	29,798,685	2,281,500
Preference Share (5.2)	32,028,000	40,035,000
	61,826,685	**42,316,500**

5.10 Valuation of Shares (Quoted on 30.12.2007)

Figures in Taka

Name of Company	Face Value	Number of Share	Cost Price	Market Price per Share	Market Value	Provision for diminution in value of share
AB Bank Ltd.	100	1,600	4,408,815	2,561.25	4,098,000	(310,815)
BD Online Ltd.	10	30,000	1,847,151	47.60	1,428,000	(419,151)
The City Bank Ltd.	100	1,500	1,173,444	725.25	1,087,875	(85,569)
Dhaka Electric Supply Co.	100	1,100	1,208,756	1,069.25	1,176,175	(32,581)
Eastern Bank Ltd.	100	3,000	3,275,766	1,070.75	3,212,250	(63,516)
Heidelberg Cement Ltd.	100	1,200	1,474,823	1,204.75	1,445,700	(29,123)
Midas Financing Ltd.	100	500	205,132	367.50	183,750	(21,382)
NCCBL	100	8,650	3,825,078	440.70	3,812,048	(13,030)
One Bank Ltd.	100	2,500	1,477,637	572.50	1,431,250	(46,387)
Pubali Bank Ltd.	100	4,575	4,485,112	980.35	4,485,112	(0)
Shandhani Life Ins. Co. Ltd.	100	200	213,348	1,000.00	200,000	(13,348)
Standard Bank Ltd.	100	5,000	1,773,680	337.75	1,688,750	(84,930)
Summit Power Ltd.	100	3,850	5,754,103	1,441.50	5,549,775	(204,328)
			31,122,845		**29,798,685**	**(1,324,160)**

5.20 This represents investment in 157,000 preference shares of Tk. 255 each of PHP Power Company Ltd. This is redeemable in five years which has started from 2007. During the year under review a sum of Tk. 8,007,000 has been redeemed. NHF&I Ltd. earned Tk. 4,003,500 as dividend during the year on investment in preference shares.

6.00 MORTGAGE LOANS

Home mortgage loans (6.10)	1,680,200,098	1,667,358,802
Project loans (6.20)	132,009,232	162,746,078
Commercial loans (6.30)	33,151,462	27,598,258
	1,845,360,792	**1,857,703,138**
Less: Current period maturity	(94,999,392)	(85,112,161)
	1,750,361,400	**1,772,590,977**

6.10 Home mortgage loans are given to individuals for purchase/development of plots/houses/apartments and are fully secured by registered mortgage of property against which the loans are extended.

6.20 Project loans are given basically to developers for developing housing projects and are fully secured by registered/equitable mortgage of property against which the loans are extended.

6.30 Commercial loans are given for purchase of commercial spaces and are fully secured by registered/equitable mortgage of property against which the loans are extended.

6.40 Maturity of home mortgage loans and commercial loans are usually in the range of 5-25 years and 5-10 years respectively, while that of project loans are for 2-5 years.

7.00 LEASE FINANCE

7.10 Lease assets at cost

Balance as on 1st January	879,185,472	536,949,049
Add: Additions during the year	517,747,784	401,375,126
	1,396,933,256	938,324,175
Less: Disposal during the year	(194,202,912)	(59,138,703)
Closing balance (a)	**1,202,730,344**	**879,185,472**
Depreciation		
Balance as on 1st January	178,690,050	71,631,511
Add: Charge during the year	240,116,789	124,475,694
	418,806,839	196,107,205
Less: Adjustment for disposal	(130,790,692)	(17,417,155)
Closing balance (b)	**288,016,147**	**178,690,050**
Total written down value (a-b)	**914,714,197**	**700,495,422**
Less: Current period maturity	(281,145,316)	(222,915,035)
Written down value	**633,568,881**	**477,580,387**

7.20 Advance against Leased asset

This represents disbursement made against lease finance, the execution of lease deed is yet to be completed or/and amortization to be started.

8.00 TERM FINANCE

This represents disbursement of Term Finance net of current maturity.

9.00 FIXED ASSETS

Figures in Taka

Particulars	Cost				Rate	Depreciation				Written down value as on 31.12.07
	Balance as on 01.01.07	Deletion during the year	Addition during the year	Balance as on 31.12.07		Balance as on 01.01.07	Adjust-ment for deletion	Charged during the year	Balance as on 31.12.07	
Land & building	9,674,340	-	23,524,060	33,198,400	10%	4,383,103	-	2,785,130	7,168,233	26,030,167
Furniture	2,871,457	-	51,800	2,923,257	10%	1,169,898	-	175,336	1,345,234	1,578,023
Office equipment	5,400,747	-	403,120	5,803,867	20%	3,213,029	-	518,168	3,731,197	2,072,670
Motor vehicle	3,775,500	-	-	3,775,500	20%	1,282,809	-	498,538	1,781,347	1,994,153
December 31, 2007	**21,722,044**	**-**	**23,978,980**	**45,701,024**		**10,048,839**	**-**	**3,977,172**	**14,026,011**	**31,675,013**
December 31, 2006	**21,349,154**	**2,331,000**	**2,703,890**	**21,722,044**		**9,982,552**	**1,773,682**	**1,839,969**	**10,048,839**	**11,673,205**

	Dec. 31, 2007 Taka	Dec. 31, 2006 Taka

10.00 BANK BORROWINGS AND DEPOSITS

Current maturity of long term loans and deposits	2,549,130,654	1,779,487,301
Term loans	264,159,718	280,611,673
SME Loan	5,781,980	-
Deposits	2,279,188,956	1,498,875,628
Overnight borrowing	110,000,000	180,000,000
Revolving credit lines (10.10)	258,250,758	273,175,466
	2,917,381,412	**2,232,662,767**

10.10 Revolving credit lines are secured by first floating charge of hypothecation of specific outstanding mortgage loan receivables.

11.00 ACCOUNTS PAYABLE

Interest on bank borrowings and customer deposits	105,575,076	77,876,650
Promotion and publicity	205,465	91,839
Audit fees	75,000	75,000
Sundry creditors	5,501,245	972,953
Gratuity	168,800	305,200
Insurance premium	-	1,335,000
Sundry deposit	7,130,427	4,409,985
Office general expenses	1,505	-
	118,657,518	**85,066,627**

12.00 PROVISION FOR CURRENT TAX

Balance as on 1st January	9,595,431	3,162,713
Provision made during the year	59,102,703	8,017,568
Less: Excess provision for the year 2005 written back	(3,396,839)	-
Add: Short provision for the year 2006	67,933,185	-
	123,639,049	8,017,568
	133,234,480	11,180,281
Less: Adjustment of advance tax for final settlement (4.40)	(20,592,311)	(528,668)
	112,642,169	10,651,613
Less: Payment made against final settlement	-	(1,056,182)
Balance as at 31st December 2007	**112,642,169**	**9,595,431**

Total Tax

Current tax (As above)	123,639,049	8,017,568
Deferred tax (2.9b)	(44,134,092)	25,000,000
	79,504,957	**33,017,568**

Assessment upto the year ended 31.12.2005 is fully completed. Assessment for the year 2006 is completed at DCT level and accordingly required provision has been made in the accounts. Appeal against the assessment order of DCT for 2006 is under consideration.

	Dec. 31, 2007 Taka	Dec. 31, 2006 Taka

13.00 PROVISION FOR LOAN LOSS AND OVERDUE INTEREST

Balance as on 1st January	69,321,291	62,232,464
Add: Provision for loan loss made during the year:		
On performing loan (13.10)	1,841,942	515,862
On non-performing loan	11,209,820	7,950,446
	13,051,762	8,466,308
Less: Provision for overdue loan and interest written back	(2,205,949)	(1,377,481)
	10,845,813	7,088,827
	80,167,104	**69,321,291**

13.10 This represents general provision @ 1% on unclassified loans as per Bangladesh Bank guidelines.

14.00 LONG TERM LOANS AND DEPOSITS

Term loan less current maturity (14.10)	297,401,217	311,469,572
Deposits less current maturity (14.20)	269,189,393	202,235,850
SME Loan	13,481,272	-
Lease Deposits	34,770,564	21,642,910
	614,842,446	**535,348,332**

14.10 Term loan has been obtained from 8 banks for a period of 2.75 years to 4 years and repayable by monthly/quarterly equal installments. This loan is secured by first floating charge of hypothecation of specific outstanding mortgage loan receivables.

14.20 Deposits are received from individuals and other entities with varying interest rates as applicable to the category of deposits.

15.00 SHARE CAPITAL

Authorized

20,000,000 Ordinary Shares of Tk. 100 each	**2,000,000,000**	**2,000,000,000**

Issued, Subscribed and Paid up

4,000,000 ordinary shares of Tk. 100 each fully paid in cash	**400,000,000**	**400,000,000**

Share holding position as of December 31, 2007 is shown below:

Shareholders	No of Shares	% of Holdings
Banks	600,000	15%
Insurance Companies	1,400,000	35%
Development Finance Institution	200,000	5%
Local Corporate Bodies / Business Group	1,400,000	35%
Non-Resident Bangladeshi Investors	400,000	10%
	4,000,000	**100%**

	Dec. 31, 2007 Taka	Dec. 31, 2006 Taka

16.00 STATUTORY RESERVE

Balance as on 1st January	72,752,051	55,160,940
Profit appropriated	14,870,127	17,591,111
	87,622,178	**72,752,051**

Statutory Reserve has been created at 20% of the net profit of Tk.74,350,633 as per Bangladesh Bank Guidelines.

17.00 INTEREST INCOME

Mortgage loans	315,220,886	297,463,631
Lease and term finance	39,713,907	39,445,649
Short term deposits	526,978	208,378
Fixed deposits	79,634,538	68,312,280
Loan against fixed deposits	1,944,509	1,953,629
	437,040,818	**407,383,567**
Less: Interest Suspense	(11,888,053)	(7,021,665)
	425,152,765	**400,361,902**

18.00 LEASE RENTAL

Industrial Equipment	339,397,395	177,345,413
Vehicles	32,058,904	27,493,690
Commercial Space	-	1,831,438
	371,456,299	**206,670,541**
Less: Interest Suspense	(14,144,768)	(6,068,620)
	357,311,531	**200,601,921**

19.00 OTHER NON-OPERATING INCOME

Incidental Charges	1,750	-
Interest on Staff Laon	730,681	22,658
Floor Rental Income	641,439	-
Statement Charges	500	-
Legal Charges Recovery	-	107,300
Interest on Advance Salary	138	2,254
Liabilities no Longer Payable	1,335,000	-
	2,709,508	**132,212**

20.00 GENERAL ADMINISTRATIVE EXPENSES

Staff cost (20.10)	15,211,746	14,301,400
Directors' fees	300,000	270,825
Contribution to PF	288,684	437,662
Gratuity	137,750	509,763
Insurance premium (20.20)	171,061	1,450,808
Office occupancy cost	2,058,967	2,544,863
Promotion and publicity	1,963,963	878,513
Audit fees	75,000	75,000
Recruitment expenses	10,000	-
Fees and forms	11,230	-
	20,228,401	**20,468,834**

20.10 This includes managerial remuneration of Tk. 7.64 million and the balance amount Tk. 7.57 million is on account of staff salary, bonus and other allowances.

During the year, there were 55 employees who individually received Tk. 3,000 or more per month as remuneration.

20.20 This includes Tk.74,082 being premium paid for insurance coverage against damages/loss of the Company's fixed assets by fire, earthquake etc. and Tk. 96,979 as group insurance premium.

21.00 OTHER EXPENSES

	Dec. 31, 2007 Taka	Dec. 31, 2006 Taka
Telephone, fax and e-mail	1,110,912	864,057
Travelling and conveyance	185,349	281,475
Printing, stationery and non-judicial stamps	1,349,732	1,061,985
Training	31,965	44,500
Loss on sale of Fixes Assets	-	20,818
Repairs and renewals	385,228	178,869
Legal and professional	1,159,438	1,201,378
Membership fees and subscription	76,510	73,910
Committee meeting fees	208,000	216,500
Bank charges and excise duty	262,363	516,320
Books and periodicals	121,072	50,558
Office refreshments	459,290	779,502
Motor car	1,056,741	1,050,833
Software expenses	911,384	679,020
Sundries	43,000	13,000
Investment Expenses Share	71,687	-
	7,432,671	**7,032,725**

22.00 BASIC EARNING PER SHARE

(a) Earnings attributable to ordinary shareholders (Net profit after taxation & provision)	74,350,633	87,955,553
(b) Weighted average number of ordinary shares outstanding during the year	4,000,000	4,000,000
(c) Basic EPS (a/b)	18.59	21.99
(d) EPS (Considering subsequent allotment of shares note – 30)	15.82	21.99

23.00 a) Salaries and allowances include Tk.33.00 lac paid to Managing Director of the company during the year under audit.

b) Directors' remuneration for attending each Board Meeting for each Director during the year was Tk. 4,000. Ten (10) Board Meetings were held during the year 2007.

24.00 SANCTION AND DISBURSEMENT

Sanction	1,130,600,000	886,335,000
Disbursement	805,690,600	695,068,196

25.00 The Company had no receivables from the Directors on 31.12.2007

26.00 RELATED PARTY DISCLOSURE : DISCLOSURE UNDER BAS-24 "RELATED PARTY DISCLOSURE"

During the year under review, the Company carried out a number of transactions with related parties in the normal course of business. The name of related parties, the nature of the transactions and their total value have been set out below:

Figures in Taka

Name of the related parties	Nature of transaction	Receivable as on 31.12.2007
M/s. Union Accessories Ltd.	Lease Finance	6,402,391
M/s. Ali Store	Lease Finance	176,448
Ms. Rita Chowdhury	Home Mortgage Loan	2,000,000
Ms. Prema Humayun	Home Mortgage Loan	2,065,710
Mr. Md. Abdur Rob (Managing Director)	Home Mortgage Loan	2,500,000

Nature of relationship: Director

27.00 GEOGRAPHICAL AREA OF OPERATION

Company's geographical area of operation was in Dhaka and Chittagong in the year 2007.

28.00 CAPITAL EXPENDITURE COMMITMENT

There was neither any outstanding contract nor any Board authorization for capital expenditure as at December 31, 2007.

29.00 CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date.

30.00 SUBSEQUENT EVENTS-DISCLOSURES UNDER BAS-10 "EVENTS AFTER THE BALANCE SHEET DATE"

Except for allotment of shares against proposed stock dividend for 2006 amounting to Tk. 7 crore, no material event occurred after the Balance Sheet date, which could materially affect the value of the financial statements.

31.00 CLAIMS AGAINST THE COMPANY NOT ACKNOWLEDGED AS DEBT

There was no claim at the Balance Sheet date, which has not been acknowledged by the Company.

32.00 CREDIT FACILITY NOT AVAILED

There was no credit facility available to the Company under any contract as on Balance Sheet date other than trade credit available in the ordinary course of business.

Liquidity Statement

Assets & Liabilities Maturity Statement

As of 31 December 2007

33.00 LIQUIDITY STATEMENT

Figures in Taka

Particulars	Up to 1 month	1-3 months	3-12 months	Current Portion	1-5 years	Above 5 years	Total
ASSET							
Cash	45,532	-		45,532	-	-	45,532
Balance with other banks and FIs	33,064,843	-	-	1,233,064,843	-	-	1,233,064,843
Accounts Receivable and Advances	6,793,807	4,465,968	1,200,000,000	163,261,846	-	-	163,261,846
Investment in Shares	29,798,685	8,007,000	152,002,071	61,826,685	-	-	61,826,685
Lease Finance	23,428,776	46,857,553	24,021,000	281,145,316	703,429,481	-	984,574,797
Term Finance	6,236,630	12,473,259	210,858,987	74,839,555	70,197,781	-	145,037,336
Home Mortgage Loan	7,916,616	15,833,232	56,129,666	94,999,392	583,453,800	1,166,907,600	1,845,360,792
Fixed Assets	-	-	71,249,544	-	-	31,675,013	31,675,013
Total Asset	**107,284,889**	**87,637,012**	**1,714,261,268**	**1,909,183,169**	**1,357,081,062**	**1,198,582,613**	**4,464,846,844**
LIABILITIES							
Bank Borrowings and Deposits	260,634,710	137,714,833	2,519,031,869	2,917,381,412	592,002,342	22,840,104	3,532,223,858
Provision for Laon Loss and Overdue Int.	-	-	80,167,104	80,167,104	-	-	80,167,104
Provision for Current Tax	-	-	112,642,169	112,642,169	-	-	112,642,169
Accounts Payable	6,672,465	243,800	111,741,253	118,657,518	-	-	118,657,518
Total Liabilities	**267,307,175**	**137,958,633**	**2,823,582,395**	**3,228,848,203**	**592,002,342**	**22,840,104**	**3,843,690,648**
Net Liquidity Gap	**(160,022,286)**	**(50,321,621)**	**(1,109,321,127)**	**(1,319,665,034)**	**765,078,720**	**1,175,742,509**	**621,156,196**

ADDITIONAL DISCLOSURES BY THE MANAGEMENT OF THE COMPANY

Justification of issuing lower quantity of shares to the public

Bangladesh Bank vide its FID Circular no. 08 dated 24.07.2005, directed all the financial institutions whose capital and reserve have reached 25 crore on 31st December, 2004, to issue IPO of at least Tk.5 crore within 31st December, 2005.

As per the above direction of the Bangladesh Bank, National Housing Finance And Investments Limited has applied to the Securities and Exchange Commission for the approval to issue 5 lac shares at Tk. 100.00 each totaling 5 crore to the public.

Decision of the Board of Directors regarding Finance Lease Method of National Housing Finance And Investments Limited taken on the 94th Meeting of the Board of Directors held on Sunday, 20th April, 2008, at the Company's Board Room at "National Plaza" (8th floor), 109, Bir Uttam C.R. Datta Road, (Sonargaon Road), Dhaka, at 4.00 p.m.

Accounting Method for Lease Finance

In the proceedings of the Board, a question arose about Accounting for Lease Finance. An undertaking is to be submitted along with IPO application to the Securities and Exchange Commission (SEC) that we shall follow Finance Lease Method for our Lease Accounting from 2008 and shall prepare the Financial Statements in accordance with International Accounting Standard (IAS) as adopted by Bangladesh Accounting Standard (BAS-17: Lease). As such, the Board resolved that the Company would follow Finance Lease Method of Accounting w.e.f 1st January, 2008 instead of the Operating Lease that was followed from 2005-2007. All adjustments in this regard to be made in the accounts for the year 2008.

No effect on the profitability whether the accounts are prepared in Operating Lease method or Finance Lease method

There is no effect on the profitability and/or financial statement whether the accounts are prepared in Operating Lease method or Finance Lease method, except the presentation of Financial Statement. However, although the auditor of the company has made a qualified opinion regarding the operating lease method, the auditor disclosed in note 2.3 in their opinion in the audited accounts for the year 2007 that, there is no impact on profitability of the company for the change in the accounting policy.

To show that there is no effect on the profitability and/or financial statement whether the accounts are prepared in Operating Lease method or Finance Lease method, a comparative Income Statement prepared under both Financial Lease method and Operating Lease method is given below:

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Profit and Loss Account
For the year ended December 31, 2007

	Finance Lease December 31, 2007 Taka	Operating Lease December 31, 2007 Taka
OPERATING INCOME		
Interest income	425,152,765	425,152,765
Income from lease finance	117,194,742	-
	542,347,507	425,152,765
Interest expense	(368,797,834)	(368,797,834)
	173,549,673	56,354,931
Lease Rental		357,311,531
Depreciation on Lease Asset		(240,116,789)
Net interest & income from lease finance	173,549,673	173,549,673
Loan fees	4,775,750	4,775,750
Total operating income	**178,325,423**	**178,325,423**
Gain on Sale of Share	12,459,876	12,459,876
Dividend Income	4,169,000	4,169,000
Other non-operating income	2,709,508	2,709,508
Total non-operating income	**19,338,384**	**19,338,384**
	197,663,808	**197,663,808**
OPERATING EXPENDITURE		
General administrative expenses	20,228,401	20,228,401
Other expenses	7,432,671	7,432,671
Depreciation on fixed assets	3,977,172	3,977,172
Total operating expenditure	**31,638,244**	**31,638,244**
Operating Profit	**166,025,563**	**166,025,563**
Provision for loan loss	(10,845,813)	(10,845,813)
Provision for diminution in value of share	(1,324,160)	(1,324,160)
Net profit before tax	153,855,590	153,855,590
Provision for tax	(79,504,957)	(79,504,957)
Net profit after tax	**74,350,633**	**74,350,633**
EPS (per value of Tk. 100)	18.59	18.59
Number of ordinary shares	4,000,000	4,000,000

Examined and found correct

Sd-	Sd-	Sd-
Md. Shamim Ahamed	**Md. Abdur Rob**	**M. J. Abedin & Co.**
Assistant Vice President	Managing Director	Chartered Accountants

Disclosure regarding Overseas Investors Forum

<u>Overseas Investors Forum, U.K.:</u> A group of Non Resident Bangladeshis, who are the sponsor shareholders of National Housing Finance And Investments Limited, living in United Kingdom (U.K.) formed an investors' forum named Overseas Investors Forum, UK.

The following shareholders of National Housing Finance & Investment Company Limited are included in the forum:

1. Mr. Jamshed S A Choudhury
2. Mr. A B M Rab Howlader
3. Mr. Fazlur Rahman
4. Mr. S H Hazra
5. Mr. A H M Shaukat Husain
6. Mr. M Zahirul Islam
7. Mr. T I M Nurun Nabi
8. Mr. A K M Fazlur Rahman
9. Mr. M Rukn Uddin
10. Mr. A.K.M Fazlul Huq
11. Mr. Mamoon Rahman
12. Mrs. Hamida Yousuf Zoha

<u>Overseas Investors Forum, Zambia:</u> A group of Non Resident Bangladeshis, who are the sponsor shareholders of National Housing Finance And Investments Limited, living in Zambia formed an investors' forum named Overseas Investors Forum, Zambia, represented by Mr. Syed Ali Jowher Rizvi.

The following shareholders of National Housing Finance & Investment Company Limited are included in the forum:

1. Mr. Manik Meah
2. Mrs. Jhahanara Imam
3. Dr. Saidur Rahman Lasker
4. Mrs. Forida Chowdhury
5. Mr. A. A. Khan
6. Mr. M. A. Matin
7. Mrs. Syeda Sohela Uddin
8. Mr. Syed Ali Jowher Rizvi

All the sponsors of the company made a shareholders agreement in which they agreed that the board of directors of the company will be constituted by not more than 11 directors nominated by the sponsors. In the shareholders agreement, the two forums are treated as the two sponsors of the company, and it is decided that 1 director will be nominated from these two forums by turn representing the individual sponsor shareholders included in the forums.

In future, we shall treat the members of the Forum as individual shareholders after necessary amendment of Memorandum and Article of Association by EGM and accordingly they will represent themselves individually in the company in AGM and other meetings.

In the Memorandum of Association, Overseas Investors Forum (UK) and Overseas Investors Forum (Zambia) are shown as shareholders of the company. But as per Summary of Share Capital (Schedule X) and Return of Allotment (Form XV) certified by the RJSC, the individual persons are the shareholders of the company. In the prospectus the names of individual shareholders are shown under Overseas Investors Forum (UK) and Overseas Investors Forum (Zambia).

Amendments in the Particulars of Directors (Form XII)

In the particulars of directors certified (Form XII) by the RJSC, the names of the companies which have nominated the directors are not mentioned.

In this regard, we shall make necessary amendments in particulars of directors after the next AGM.